

DIXON COUNTY
SINGLE AUDIT
JULY 1, 2021, THROUGH JUNE 30, 2022

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Issued on May 8, 2024

DIXON COUNTY

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| Financial Section | |
| Schedule of Expenditures of Federal Awards | 1 |
| Notes to the Schedule of Expenditures of Federal Awards | 2 |
| Government Auditing Standards Section | |
| Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance | 3 - 5 |
| Schedule of Findings and Questioned Costs | 6 - 9 |
| Auditee Section | |
| Corrective Action Plan | 10 |
| Report Issued Separately | |
| Dixon County Basic Financial Statements Audit Report (Including Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> . This report can be found at auditors.nebraska.gov under APA Reports Issued By Agency, or By Year.) | |

DIXON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Assistance Listing | Pass-Through Entity Identifying Number | Total Federal Expenditures |
|--|--------------------|---|----------------------------|
| DEPARTMENT OF AGRICULTURE | | | |
| Emergency Watershed Protection Program | 10.923 | Not applicable | * \$ 499,532 |
| Total U.S. Department of Agriculture | | | <u>499,532</u> |
| DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | |
| Passed through Nebraska Department of Health and Human Services | | | |
| Child Support Enforcement | 93.563 | 51264 Y3, 51333 Y3 | <u>26,704</u> |
| Total U.S. Department of Health and Human Services | | | <u>26,704</u> |
| DEPARTMENT OF HOMELAND SECURITY | | | |
| Passed through Nebraska Military Department | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | 051-99051-00 | 224,932 |
| COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | 051-99051-00 | <u>5,819</u> |
| Total Disaster Grants - Public Assistance (Presidentially Declared Disasters) | | | 230,751 |
| Emergency Management Performance Grants | 97.042 | 21-SR 8709-01 | <u>39,523</u> |
| Total U.S. Department of Homeland Security | | | <u>270,274</u> |
| DEPARTMENT OF TRANSPORTATION | | | |
| Passed through Nebraska Department of Transportation | | | |
| Highway Safety Cluster | | | |
| State and Community Highway Safety | 20.600 | 4021-22-12-09, 402-22-25-10, 4022-22-33-06, 402-22-05-45 | 5,700 |
| National Priority Safety Programs | 20.616 | 405d-21-51-15 | <u>2,625</u> |
| Total - Highway Safety Cluster | | | <u>8,325</u> |
| Total U.S. Department of Transportation | | | <u>8,325</u> |
| DEPARTMENT OF THE TREASURY | | | |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Funds | 21.027 | Not applicable | <u>311</u> |
| Total U.S. Department of the Treasury | | | <u>311</u> |
| ELECTION ASSISTANCE COMMISSION | | | |
| Passed through Nebraska Secretary of State | | | |
| COVID-19 - HAVA Election Security Grants | 90.404 | Not available | <u>3,217</u> |
| Total U.S. Election Assistance Commission | | | <u>3,217</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u><u>\$ 808,363</u></u> |

* Represents Major Program

See accompanying Notes to the Schedule of Expenditures of Federal Awards

DIXON COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2022

1. Basis of Presentation

The accompanying schedule of expenditures of Federal awards (Schedule) includes the Federal award activity of Dixon County (County) under programs of the Federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position or changes in net assets of the County. The County's reporting entity is defined in Note 1.A. to the County's financial statements (issued under separate cover). Federal awards received directly from Federal agencies, as well as those passed through other government agencies, are included in the Schedule. Unless otherwise noted on the Schedule, all programs are received directly from the respective Federal agency.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.



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DIXON COUNTY
**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Supervisors
Dixon County, Nebraska

Report on Compliance for Each Major Federal Program

Adverse Opinion

We have audited Dixon County's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Dixon County's major Federal programs for the year ended June 30, 2022. Dixon County's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Adverse Opinion on Emergency Watershed Protection Program

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, Dixon County did not comply in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Emergency Watershed Protection Program for the year ended June 30, 2022.

Basis for Adverse Opinion on Emergency Watershed Protection Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Dixon County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion on compliance for each major Federal program. Our audit does not provide a legal determination of Dixon County's compliance with the compliance requirements referred to above.

Matter Giving Rise to Adverse Opinion on Emergency Watershed Protection Program

As described in the accompanying Schedule of Findings and Questioned Costs, Dixon County did not comply with requirements regarding Emergency Watershed Protection Program, Assistance Listing No. 10.923, as described in Finding #2022-002 for Reporting. Compliance with such requirements is necessary, in our opinion, for Dixon County to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Dixon County's Federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Dixon County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Dixon County's compliance with the requirements of each major Federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Dixon County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Dixon County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Dixon County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Finding #2022-002 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Dixon County's response to the internal control over compliance finding identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. Dixon County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Dixon County as of and for the year ended June 30, 2022, and have issued our report thereon dated December 9, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole, which collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.



Rachel Wittler, CPA, CFE
Audit Manager
Lincoln, Nebraska

April 25, 2024

DIXON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2022

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with cash basis of accounting:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

___ Yes X No

Significant deficiencies identified?

X Yes ___ None Reported

Noncompliance material to financial statements noted?

___ Yes X No

Federal Awards

Internal control over major programs:

Material weaknesses identified?

X Yes ___ No

Significant deficiencies identified?

___ Yes X None Reported

Type of auditor’s report issued on compliance for major programs:

Adverse

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

X Yes ___ No

Major programs: **Emergency Watershed Protection Program: AL #10.923**

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

___ Yes X No

DIXON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Continued)

Section II – Financial Statement Findings

Finding # 2022-001

| | |
|----------------------------|--|
| <u>Condition</u> - | There is a lack of segregation of accounting functions among various County offices and personnel. This is a continuing item from the prior year. |
| <u>Criteria</u> - | Authorization or approval of transactions, recording of transactions, and custody of assets should normally be segregated from each other. |
| <u>Context</u> - | Various County offices collect money; most of those offices employ one or two individuals. The offices remit the money to the County Treasurer. |
| <u>Effect</u> - | This lack of segregation of duties results in an inadequate overall internal control structure design. |
| <u>Cause</u> - | The County does not employ sufficient office personnel to segregate accounting functions properly. |
| <u>Recommendation</u> - | The County should be aware of the inherent risks associated with improper segregation of accounting functions. The County should also develop mitigating controls to reduce the risk of errors or fraud associated with the improper segregation of accounting functions. |
| <u>View of Officials</u> - | The County has discussed the finding but must consider the cost of adequate segregation of duties when determining the use of tax money. At this time, the cost of hiring additional personnel to maintain segregation of duties is not fiscally responsible, therefore, the County Board will continue to monitor the transactions of the County. |

Section III – Federal Award Findings and Questioned Costs

Finding # 2022-002

| | |
|----------------------------------|--|
| <u>Program</u> - | Various, including AL 10.923 – Emergency Watershed Protection Program – Reporting |
| <u>Grant Number & Year</u> - | Various, including NR216526XXXXC004, December 7, 2020, through August 6, 2021 |
| <u>Federal Grantor Agency</u> - | Various, including U.S. Department of Agriculture |
| <u>Pass-Through Entity</u> - | Various |
| <u>Criteria</u> - | Title 2 of the U.S. Code of Federal Regulations (CFR) § 200.510(b) (January 1, 2022) states, in part, the following: |

The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502.

2 CFR § 200.512(a)(1) (January 1, 2022) states the following:

The audit must be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period. If the due date falls on a Saturday, Sunday, or Federal holiday, the reporting package is due the next business day.

DIXON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Continued)

2 CFR § 200.508 (January 1, 2022) states, in part, the following:

The auditee must: (a) Procure or otherwise arrange for the audit required by this part in accordance with §200.509, and ensure it is properly performed and submitted when due in accordance with §200.512.

2 CFR § 200.303 (January 1, 2022) states the following, in relevant part:

The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

A good internal control plan requires adequate procedures to ensure the Schedule of Expenditures Federal Awards (SEFA) is presented properly and includes all Federal expenditures made by the County during the fiscal year. Additionally, those same procedures should ensure the Federal audit is completed and submitted to the Federal Audit Clearinghouse within the time frame required by Title 2 CFR § 200.512.

Condition - The County did not have adequate procedures in place to monitor Federal expenditures and ensure the Schedule of Expenditures of Federal Awards (SEFA) was completed and submitted to the Federal Audit Clearinghouse in accordance with Title 2 CFR § 200.512.

Repeat Finding - No

Questioned Costs - None

Statistical Sample - No

Context - The County had a basic financial statement audit completed for the fiscal year ending June 30, 2022, which was issued on January 4, 2023, but that audit did not include the additional information necessary to meet Uniform Guidance and Single Audit Act requirements.

When the audit for the fiscal year ending June 30, 2023, was completed, the Auditor of Public Accounts identified that the County should have had a Single Audit completed for the fiscal year ending June 30, 2022.

Cause - Administration of Federal awards is decentralized, with each County office operating independently without any centralized reporting procedures in place to ensure all Federal expenditures of the County are reported accurately during the annual financial statement audit. Additionally, there is an overall lack of knowledge by County personnel related to Federal reporting requirements.

Effect - Noncompliance with Federal regulations and an increased risk for the SEFA to be inaccurate, which could lead to Federal sanctions and Single Audits not being completed when required.

DIXON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Concluded)

Recommendation -

We recommend the County establish written procedures to ensure the SEFA is complete and accurate. Such procedures may include, among other things, a requirement that all offices in the County responsible for administering Federal grants report their grant expenditures, as well as related information, to a single individual in the County with overall responsibility for Federal reporting requirements. That individual should be knowledgeable of all Federal reporting and compliance requirements, and review expenditures provided by each office to ensure all amounts are accurate and include all Federal expenditures of the County. Further, we recommend the County obtain necessary training related to Federal reporting requirements and ensure a Single Audit is completed and submitted to the Federal Audit Clearinghouse within the time frame required by Title 2 CFR § 200.512.

View of Officials -

The County will ensure County personnel obtain training to ensure there is a proper understanding of the Federal reporting requirements and preparation of the Schedule of Federal Awards.

DIXON COUNTY CLERK

Cathy Stilwell, County Clerk

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Ponca, NE 68770-0546

Phone 402-755-5602
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clerk@dixoncountyne.gov

CORRECTIVE ACTION PLAN

Year Ended June 30, 2022

The corrective action plan for the findings included in the Schedule of Findings and Questioned Costs are summarized as follows:

I. Findings Related to the Financial Statements

Finding 2022-001: Segregation of Duties

Corrective Action Planned:

The County has discussed the finding but must consider the cost of adequate segregation of duties when determining the use of tax money. At this time, the cost of hiring additional personnel to maintain segregation of duties is not fiscally responsible, therefore, the County Board will continue to monitor the transactions of the County.

Anticipated Completion Date:

Ongoing

Responsible Party:

Dixon County Board of Supervisors: Don Andersen, Deric Anderson, Roger Peterson, Neil Blohm, Lisa Lunz, Terry Nicholson, and Steve Hassler

II. Findings Related to Federal Awards

Finding 2022-002: Emergency Watershed Protection Program – Reporting

Program:

AL 10.923 – Emergency Watershed Protection Program – Reporting

Corrective Action Planned:

The County will ensure County personnel obtain training to ensure there is a proper understanding of the Federal reporting requirements and preparation of the Schedule of Federal Awards.

Anticipated Completion Date:

Ongoing

Responsible Party:

Dixon County Board of Supervisors: Don Andersen, Deric Anderson, Roger Peterson, Neil Blohm, Lisa Lunz, Terry Nicholson, and Steve Hassler


Lisa Lunz
Dixon County Chair