

**AUDIT REPORT
OF
KIMBALL COUNTY**

JULY 1, 2022, THROUGH JUNE 30, 2023

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the Auditor of Public Accounts.**

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Issued on February 20, 2024

KIMBALL COUNTY

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KIMBALL COUNTY
114 E. 3rd St.
Kimball, NE 69145

LIST OF COUNTY OFFICIALS
At June 30, 2023

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	Rich Flores	Jan. 2027
	Elyse Schlake Lukassen	Jan. 2027
	Carl Stander	Jan. 2025
Assessor	Sherry Winstrom	Jan. 2027
Attorney	David Wilson	Jan. 2027
Clerk Election Commissioner Register of Deeds	Cathleen Sibal	Jan. 2027
Clerk of the District Court	Debra Diemoz	Jan. 2027
Sheriff	David Hottell	Jan. 2027
Treasurer	Cindy Rahmig	Jan. 2027
Surveyor	Donald Brush	Appointed
Veterans' Service Officer	Brian Howard	Appointed
Weed Superintendent	Rick Wangler	Appointed
Highway Superintendent	Randy Bymer	Appointed
Planning & Zoning	Sheila Newell	Appointed
Emergency Manager	Ronald Leal	Appointed
Rural Transit Administrator	Christy Warner	Appointed



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
State Auditor

Mike.Foley@nebraska.gov

PO Box 98917

State Capitol, Suite 2303

Lincoln, Nebraska 68509

402-471-2111, FAX 402-471-3301

auditors.nebraska.gov

KIMBALL COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Kimball County, Nebraska

Report on the Audit of Financial Statements

Adverse and Unmodified Opinions

We have audited the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kimball County, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government, as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Aggregate Discretely Presented Component Units	Adverse
Major Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Adverse Opinion on Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of Kimball County, as of June 30, 2023, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Governmental Activities, Each Major Fund, and Aggregate Remaining Fund Information

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Kimball County, as of June 30, 2023, and the respective changes in cash-basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse, and unmodified audit opinions.

Matters Giving Rise to Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the County's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, net position, receipts, and disbursements of the government-wide financial statements has not been determined.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, schedule of expenditures of Federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and schedule of taxes certified and collected, pages 19-31, are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2024, on our consideration of Kimball County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kimball County's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Jeff Schreier".

Jeff Schreier, CPA
Audit Manager
Lincoln, Nebraska

February 7, 2024

KIMBALL COUNTY
STATEMENT OF NET POSITION - CASH BASIS
June 30, 2023

	Governmental Activities
	<u> </u>
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 4,334,256
TOTAL ASSETS	<u><u>\$ 4,334,256</u></u>
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 49,906
911 Emergency Services	38,231
Drug Education / Enforcement	9,167
Preservation of Records	21,064
Child Support Enforcement	16,652
Aid and Assistance	3,698
County Buildings	618,457
Unrestricted	<u>3,577,081</u>
TOTAL NET POSITION	<u><u>\$ 4,334,256</u></u>

The notes to the financial statements are an integral part of this statement.

KIMBALL COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended June 30, 2023

Functions:	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ (2,584,030)	\$ 284,969	\$ 60,918	\$ (2,238,143)
Public Safety	(1,264,455)	17,359	-	(1,247,096)
Public Works	(1,850,665)	93,025	979,822	(777,818)
Public Assistance	(2,015,966)	210,035	1,262,235	(543,696)
Culture and Recreation	(93,107)	8,166	-	(84,941)
Debt Payments	(122,462)	-	101,427	(21,035)
Capital Outlay	(17,224)	-	-	(17,224)
Total Governmental Activities	<u>\$ (7,947,909)</u>	<u>\$ 613,554</u>	<u>\$ 2,404,402</u>	<u>(4,929,953)</u>

General Receipts:

Taxes:	
Property	3,379,801
Motor Vehicle	132,696
Inheritance	112,211
Other	134,175
Grants and Contributions Not Restricted to Specific Programs	72,181
Investment Income	47,509
Miscellaneous	105,161
Total General Receipts	<u>3,983,734</u>
Change in Net Position	(946,219)
Net Position - Beginning of year	5,280,475
Net Position - End of year	<u>\$ 4,334,256</u>

The notes to the financial statements are an integral part of this statement.

KIMBALL COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
June 30, 2023

	General Fund	Road Fund	Inheritance Fund	Road Sinking Fund	COVID American Rescue Plan Fund	Transit Service Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
ASSETS									
Cash and Cash Equivalents (Note 1.D)	\$ 139,515	\$ 65,834	\$ 1,389,777	\$ 1,091,809	\$ 618,457	\$ 64,788	\$ 760,279	\$ 203,797	\$ 4,334,256
TOTAL ASSETS	<u>\$ 139,515</u>	<u>\$ 65,834</u>	<u>\$ 1,389,777</u>	<u>\$ 1,091,809</u>	<u>\$ 618,457</u>	<u>\$ 64,788</u>	<u>\$ 760,279</u>	<u>\$ 203,797</u>	<u>\$ 4,334,256</u>
FUND BALANCES									
Restricted for:									
Visitor Promotion	-	-	-	-	-	-	-	49,906	49,906
911 Emergency Services	-	-	-	-	-	-	-	38,231	38,231
Drug Education / Enforcement	-	-	-	-	-	-	-	9,167	9,167
Preservation of Records	-	-	-	-	-	-	-	21,064	21,064
Child Support Enforcement	-	-	-	-	-	-	-	16,652	16,652
Aid and Assistance	-	-	-	-	-	-	-	3,698	3,698
County Buildings	-	-	-	-	618,457	-	-	-	618,457
Committed to:									
Law Enforcement	-	-	-	-	-	-	-	19,413	19,413
Road Maintenance	-	65,834	-	1,091,809	-	-	-	-	1,157,643
Aid and Assistance	-	-	-	-	-	64,788	-	-	64,788
County Buildings	-	-	-	-	-	-	760,279	-	760,279
Landfill	-	-	-	-	-	-	-	45,666	45,666
Assigned to:									
Other Purposes	-	-	1,389,777	-	-	-	-	-	1,389,777
Unassigned	139,515	-	-	-	-	-	-	-	139,515
TOTAL CASH BASIS FUND BALANCES	<u>\$ 139,515</u>	<u>\$ 65,834</u>	<u>\$ 1,389,777</u>	<u>\$ 1,091,809</u>	<u>\$ 618,457</u>	<u>\$ 64,788</u>	<u>\$ 760,279</u>	<u>\$ 203,797</u>	<u>\$ 4,334,256</u>

The notes to the financial statements are an integral part of this statement.

KIMBALL COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	General Fund	Road Fund	Inheritance Fund	Road Sinking Fund	COVID American Rescue Plan Fund	Transit Service Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
RECEIPTS									
Taxes:									
Property	\$3,379,801	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,379,801
Motor Vehicle	132,696	-	-	-	-	-	-	-	132,696
Inheritance	-	-	112,211	-	-	-	-	-	112,211
Other	34,876	-	-	-	-	-	-	99,299	134,175
Investment Income	41,946	-	-	-	5,543	-	-	20	47,509
Intergovernmental	70,064	869,133	-	110,689	-	1,262,235	-	164,462	2,476,583
Charges for Services	294,017	6,107	-	-	-	210,035	-	103,395	613,554
Miscellaneous	97,646	2,351	-	-	-	50	-	5,114	105,161
TOTAL RECEIPTS	4,051,046	877,591	112,211	110,689	5,543	1,472,320	-	372,290	7,001,690
DISBURSEMENTS									
General Government	2,477,472	-	-	-	92,919	-	-	13,639	2,584,030
Public Safety	1,159,025	-	-	-	-	-	-	105,430	1,264,455
Public Works	156,941	1,405,996	-	206,678	-	-	-	81,050	1,850,665
Public Assistance	47,895	-	-	-	-	1,968,071	-	-	2,015,966
Culture and Recreation	-	-	-	-	-	-	-	93,107	93,107
Debt Service:									
Principal Payments	-	-	-	-	-	-	-	95,000	95,000
Interest and Fiscal Charges	-	-	-	-	-	-	-	27,462	27,462
Capital Outlay	-	-	-	-	-	-	17,224	-	17,224
TOTAL DISBURSEMENTS	3,841,333	1,405,996	-	206,678	92,919	1,968,071	17,224	415,688	7,947,909
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	209,713	(528,405)	112,211	(95,989)	(87,376)	(495,751)	(17,224)	(43,398)	(946,219)
OTHER FINANCING SOURCES (USES)									
Transfers in	375,794	550,000	-	50,000	-	480,000	12,313	82,778	1,550,885
Transfers out	(963,946)	(50,000)	(515,000)	-	-	-	-	(21,939)	(1,550,885)
TOTAL OTHER FINANCING SOURCES (USES)	(588,152)	500,000	(515,000)	50,000	-	480,000	12,313	60,839	-
Net Change in Fund Balances	(378,439)	(28,405)	(402,789)	(45,989)	(87,376)	(15,751)	(4,911)	17,441	(946,219)
CASH BASIS FUND BALANCES - BEGINNING									
	517,954	94,239	1,792,566	1,137,798	705,833	80,539	765,190	186,356	5,280,475
CASH BASIS FUND BALANCES - ENDING									
	<u>\$ 139,515</u>	<u>\$ 65,834</u>	<u>\$ 1,389,777</u>	<u>\$ 1,091,809</u>	<u>\$ 618,457</u>	<u>\$ 64,788</u>	<u>\$ 760,279</u>	<u>\$ 203,797</u>	<u>\$ 4,334,256</u>

The notes to the financial statements are an integral part of this statement.

KIMBALL COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2023

	Custodial Fund Balances July 1, 2022	Receipts	Disbursements	Custodial Fund Balances June 30, 2023
ASSETS				
Cash and Cash Equivalents	\$ 263,859	\$ 11,494,119	\$ 11,420,550	\$ 337,428
LIABILITIES				
Due to other governments				
State - Collected by County Treasurer	108,248	985,565	1,007,932	85,881
State - Collected by Other Offices	5,101	72,483	65,641	11,943
Schools	84,679	7,750,675	7,722,901	112,453
Educational Service Units	867	113,659	113,198	1,328
Technical College	5,692	742,276	739,320	8,648
Natural Resource Districts	2,819	368,294	366,819	4,294
Fire Districts	927	175,919	175,011	1,835
Municipalities	14,927	635,754	632,129	18,552
Agricultural Society	626	81,152	80,836	942
Cemetery Districts	83	11,245	11,138	190
Airport Authority	773	54,914	54,308	1,379
Historical Society	122	16,093	16,026	189
Others - Collected by County Treasurer	6,861	190,940	169,395	28,406
Others - Collected by Other Offices	32,134	295,150	265,896	61,388
TOTAL LIABILITIES	<u>263,859</u>	<u>11,494,119</u>	<u>11,420,550</u>	<u>337,428</u>
TOTAL NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

KIMBALL COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2023

1. Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies utilized in the accounting system of Kimball County.

A. **Reporting Entity**

Kimball County, Nebraska, (County) is a governmental entity established under and governed by the laws of the State of Nebraska (State). The County is managed by county officials who are elected on a political ballot for four-year terms. As a political subdivision of the State, the County is exempt from State and Federal income taxes. The financial statements include all funds of the County that are not legally separate. The County has also considered all potential component units for which it is financially accountable, as well as other organizations that are either fiscally dependent on the County or maintain a significant relationship with the County, such that exclusion would be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County. The County is also considered financially accountable if an organization is fiscally dependent on and there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

Component Units. These financial statements present the County (the primary government). The Kimball County Hospital (Hospital) and the Kimball County Manor (Nursing Home) are component units of the County because of the significance of their operational and financial relationships with the County. The financial statements do not include the data of the Hospital and Nursing Home necessary for reporting in conformity with generally accepted accounting principles (GAAP). Complete financial statements of the Hospital and Nursing Home can be obtained from their administrative offices.

Joint Organization.

Behavioral Health Region I – The County has entered into an agreement with surrounding counties and the Nebraska Department of Health and Human Services to provide services to carry out the provisions of the Nebraska Behavioral Health Services Act (Act). Agreements were established under the authority of the Interlocal Cooperation Act for services to be provided under the Act. Region I (Region) consists of the following counties: Sioux, Dawes, Box Butte, Sheridan, Scotts Bluff, Morrill, Garden, Banner, Kimball, Cheyenne, and Deuel.

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$12,181 toward the operation of the Region during fiscal year 2023. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Department of Health and Human Services requires the Region to be audited annually in accordance with State statute. Financial information for the Region is available in those audit reports.

Health Department – The County has entered into an agreement with the Panhandle Public Health Department (Department) to provide public health services. The agreement was established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636 (Reissue 2018).

KIMBALL COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

The Department's governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. The County did not contribute toward the operation of the Department during fiscal year 2023. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Supp. 2023). Financial information for the Department is available in that report.

B. Basis of Presentation

Government-Wide Financial Statements. The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis display information about the activities of the County and are in the format of government-wide statements, as required by GASB Statement Number 34. These statements include all the financial activities of the County, except for fiduciary activities and the Hospital and Nursing Home. Internal activities in these statements were considered immaterial and have not been eliminated. Governmental Generally Accepted Accounting Principles (GAAP) requires internal activity to be eliminated to minimize double counting. The County reports governmental activities only. Governmental activities are generally financed through taxes, intergovernmental receipts, and other nonexchange transactions. The County is reported separately from certain legally separate component units for which the primary government is financially accountable. The Statement of Net Position presents the County's non-fiduciary assets in two categories:

Restricted. This category results when constraints are externally imposed on net asset use by creditors, grantors, or contributors, or imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources as they are needed.

Unrestricted. This category represents resources that do not meet the definition of the preceding category. Unrestricted resources often have constraints on resources that are imposed by management, but those constraints can be removed or modified.

The statement of activities demonstrates the degree to which the direct disbursement of a given function or segment is offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include the following: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements. The fund financial statements provide information about the County's funds, including its fiduciary funds. GAAP requires separate statements by fund category – governmental, proprietary, and fiduciary. The County uses only the governmental and fiduciary fund categories. The County Board is the highest level of decision-making authority and has the authority, by resolution, to establish, modify or rescind the commitment or assignment of a fund balance to a specific purpose. When resources for a specific purpose are available in more than one fund balance classification, the County's policy is to use resources in the following order: restricted, committed, assigned, and unassigned. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds.

KIMBALL COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for financial resources of the general government, except those required to be accounted for in another fund.

Road Fund. This fund is used to account for costs associated with the repair and maintenance of roads and bridges and is primarily funded by State tax receipts.

Inheritance Fund. This fund is used to account for the receipts generated from inheritance taxes and is used for various projects.

Road Sinking Fund. This fund is used to account for the costs of necessary road and bridge construction and improvements, and it is primarily funded by State receipts.

COVID American Rescue Plan Fund. This fund is used to account for aid received from the Federal government through the American Rescue Plan Act and will be used as allowed by Federal regulations and approved by the County Board.

Transit Service Fund. This fund is used to account for the costs of providing transportation services and is primarily funded by State and Federal grant reimbursements, transit fare receipts, and transfers from the General and Inheritance Funds.

Capital Projects Fund. This fund is used to account for resources set aside for the acquisition and development of major capital improvements.

The County reports the following additional non-major governmental fund types:

Special Revenue Funds. These funds account for the proceeds from a specific receipt source that is restricted to disbursements for a specified purpose.

Custodial Funds. These funds account for assets held by the County as an agent for various local governments.

Debt Service Funds. The Manor Bond Fund and Welcome Center Bond Fund account for the resources for, and the payment of, general long-term debt principal, interest, and related costs.

The County designates fund balances as follows:

Restricted. The fund balance is restricted by external impositions, such as creditors, grantors, or laws or regulations of other governments.

Committed. The fund balance has been designated by the County Board for a specific purpose.

Assigned. The fund balance has not been designated by the County Board for a specific purpose, but it has been separated based on the type of revenue.

Unassigned. This portion of the General Fund is not restricted, committed, or assigned for a specific purpose.

KIMBALL COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies** (Continued)

C. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The accounting records of the County are maintained and the government-wide financial statements were reported on the basis of cash receipts and disbursements. As such, the measurement focus includes only those assets and fund balances arising from cash transactions on the Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis. Receipts are recognized when received, and disbursements are recognized when paid. This differs from governmental GAAP, which requires the government-wide and fiduciary fund financial statements to be reported using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus and basis of accounting, receipts are recorded when earned, and disbursements are recorded when a liability is incurred, regardless of the timing of related cash flows.

The governmental fund financial statements were also reported on the cash receipt and disbursement basis of accounting. As such, the same measurement focus and basis of accounting were used, as described above. This differs from governmental GAAP, which requires governmental fund financial statements to be reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this measurement focus and basis of accounting, receipts are recognized as soon as they are both measurable and available. Receipts are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Disbursements are generally recorded when a liability is incurred, as under accrual accounting. However, disbursements related to compensated absences, and claims and judgments are recorded only when payment is due.

D. Assets and Net Position

Cash and Cash Equivalents. The County's cash and cash equivalents are considered to be cash on hand, certificates of deposit, and demand deposits.

Investments. The types of investments in which the County is authorized to invest funds are enumerated in Neb. Rev. Stat. § 77-2315, § 77-2340, and § 77-2341 (Reissue 2018) and generally include U.S. Government obligations and securities, which are authorized by the Nebraska Investment Council.

Capital Assets. Under the cash receipts and disbursements basis of accounting, capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as disbursements in governmental funds. GAAP requires capital assets, which would include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), to be reported in the applicable governmental activities columns in the government-wide financial statements.

Depreciation expenses on capital assets were not recorded on the cash basis financial statements. Under GAAP, depreciation expenses would be recorded in the Statement of Activities. The cost of normal maintenance and repairs that does not add to the value of the asset or extend asset life is not capitalized.

Compensated Absences. Vested or accumulated vacation leave that is liquidated with expendable available financial resources is reported as a disbursement of the County funds as paid. Upon termination, employees are paid for any unused vacation. Under the receipts and disbursements basis of accounting, the liabilities for compensated absences are not reported since they do not represent liabilities arising from cash transactions. Under GAAP, the compensated absences liability would be reported in the government-wide financial statements and would be recorded in accordance with the County's policy, which is to recognize the expense and accrued liability when vacation and compensatory leave is earned.

KIMBALL COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies** (Concluded)

Restricted Net Position. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$757,175 of restricted net position, which is fully restricted by enabling legislation.

Budgetary Process. The County adopts an annual budget in accordance with the statutory requirements of the Nebraska Budget Act and County Budget Act of 1937. The budget is prepared on the cash receipts and disbursements basis of accounting. The budget contains only those receipts actually received by the County Treasurer. The County does not utilize an encumbrance accounting system. All appropriated spending authority lapses at the end of the fiscal year.

On or before August 1, the County budget-making authority prepares and transmits a budget for each County fund to the County Board. The budget includes the requirements, the outstanding warrants, the operating reserves to be maintained, the cash on hand at the close of the preceding fiscal year, the receipts from sources other than taxation, and the amount to be raised by taxation. The County Board must hold at least one public hearing on the proposed budget. On or before September 30, the County Board adopts the budget and appropriates the amounts specified in the budget for the departments, offices, activities, and funds of the County.

The County Board is authorized to transfer budgeted amounts between departments within any fund through resolution; however, if revisions are made that alter the total disbursements of any fund, an additional public hearing must be held. The legal level of budgetary control for the General Fund is at the function level, and the special revenue fund types are at the fund level. The County Board is also authorized to budget for the transfer of money between County funds.

2. **Deposits and Investments**

The County has generally pooled the cash resources of the various funds for investment purposes. Interest earned on pooled funds is credited to the County General Fund in accordance with Neb. Rev. Stat. § 77-2315 (Reissue 2018).

At year end, the County's carrying amount of deposits was \$4,334,256 for County funds and \$337,428 for Fiduciary funds. The bank balances for all funds totaled \$4,655,553.91. For purposes of classifying categories of custodial credit risk, the bank balances of the County's deposits, as of June 30, 2023, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

3. **Taxes**

Property taxes are levied by the County Board on or before October 20 of each year for all political subdivisions in the County. Real estate and personal property taxes are due and attach as an enforceable lien on January 1 following the levy date, and they become delinquent in two equal installments on May 1 and September 1. Motor vehicle taxes are due when application is made for registration of a motor vehicle.

Counties are permitted by the State Constitution to levy a tax of up to \$.50/\$100 of assessed valuation for general governmental services other than the payment of principal and interest on bonded debt. Counties may levy taxes in addition to the 50-cent limitation upon a vote of the people.

KIMBALL COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Taxes** (Concluded)

The levy set in October 2022, for the 2022 taxes, which will be materially collected in May and September 2023, was set at \$.459341/\$100 of assessed valuation. The levy set in October 2021, for the 2021 taxes, which were materially collected in May and September 2022, was set at \$.459842/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

Additionally, there is currently a statutory lid limitation, which limits taxation to the prior year's level, with provisions for growth. The lid may be increased by 1% upon the approval of a three-fourths majority of the County Board.

4. **Retirement System**

The Retirement System for Nebraska Counties (Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2022, Supp. 2023) and may be amended through legislative action.

Participation in the Plan is required of all full-time employees. Part-time (working less than one-half of the regularly scheduled hours) employees may elect voluntary participation upon reaching age 18. Part-time elected officials may exercise the option to join.

County employees and elected officials contribute 4.5% of their total compensation. In addition, the County contributes an amount equal to 150% of the employee's contribution. The contribution rates are established by § 23-2307 and § 23-2308 and may be amended through legislative action. The employee's and employer's contributions are kept in separate accounts. The employee's account is fully vested. The employer's account is fully vested after three years of participation in the system or credit for participation in another governmental plan prior to actual contribution to the Plan. Non-vested County contributions are forfeited upon termination. Forfeitures are used to cover a portion of the pension plan's administrative expenses. Prior service benefits are paid directly by the County to the retired employee. The Plan's financial statements, including pension costs and obligations, are audited annually and can be obtained from the State of Nebraska Public Employees Retirement System.

A supplemental retirement plan was established on January 1, 2003, for the benefit of all present and future commissioned law enforcement personnel employed by the County. Employees contribute 1% of their salary, and the County contributes an amount equal to 100% of the employee's contribution. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings.

For the year ended June 30, 2023, 106 employees contributed \$138,038, and the County contributed \$206,098. Contributions included \$1,920 in cash contributions towards the supplemental law enforcement plan for 10 law enforcement employees.

5. **Risk Management**

The County is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association (NIRMA), a public entity risk pool currently operating as a common risk management and insurance program for 107 counties and local governments throughout Nebraska.

KIMBALL COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. Risk Management (Concluded)

The County pays an annual deposit premium, as calculated by the administrator of the pool. The premium is based on the losses and exposures of each County and the entire pool. If the pool becomes insolvent or otherwise unable to discharge its legal liabilities and obligations, the County may be assessed for an additional contribution. Each county remains liable for such assessments, regardless of the county's withdrawal from participation or the termination of the agreement, as well as for liabilities of the pool incurred during the county's period of membership.

The agreement with NIRMA requires the risk pool to provide coverage for up to a maximum amount per occurrence and purchase commercial insurance for claims in excess of coverage provided. In the event of a liability exceeding the commercial insurance, the County would be responsible for funding the excess amount.

	NIRMA Coverage	Maximum Coverage
General Liability Claim	\$ 500,000	\$ 5,000,000
Workers' Compensation Claim	\$ 550,000	Statutory Limits
Property Damage Claim	\$ 250,000	Insured Value at Replacement Cost

The County has not paid any additional assessments to the pool or paid out any amounts that exceeded coverage provided by the pool in the last three fiscal years. There were no significant reductions in insurance coverage from the prior year coverage.

6. Interfund Transfers

Interfund transfers for the year ended June 30, 2023, consisted of the following:

Transfers to	Transfers from				Total
	General Fund	Road Fund	Inheritance Fund	Nonmajor Funds	
Road Fund	\$ 550,000	\$ -	\$ -	\$ -	\$ 550,000
General Fund	-	-	375,000	794	375,794
Transit Service Fund	340,000	-	140,000	-	480,000
Capital Projects Fund	12,313	-	-	-	12,313
Road Sinking Fund	-	50,000	-	-	50,000
Nonmajor Funds	61,633	-	-	21,145	82,778
Total	\$ 963,946	\$ 50,000	\$ 515,000	\$ 21,939	\$ 1,550,885

Transfers are used to move unrestricted receipts collected in the General Fund and Inheritance Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

KIMBALL COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

7. Long-Term ObligationsLease-Purchase Agreements

Changes to the commitments under a lease agreement for equipment and amounts to provide for annual rental payments are as follows:

	Road Equipment	Sheriff Equipment	911 Equipment	Transit Vehicles	Total
Balance July 1, 2022	\$ 277,174	\$ 71,413	\$ 64,713	\$ 18,889	\$ 432,189
Purchases	522,138	67,239	-	810,698	1,400,075
Payments	156,827	43,495	18,259	65,371	283,952
Balance June 30, 2023	<u>\$ 642,485</u>	<u>95,157</u>	<u>\$ 46,454</u>	<u>\$ 764,216</u>	<u>\$ 1,548,312</u>

Future Payments:

Year					
2024	\$ 134,267	\$ 50,007	\$ 18,861	\$ 284,779	\$ 487,914
2025	181,009	38,269	18,861	293,482	531,621
2026	146,907	12,561	9,431	233,165	402,064
2027	112,806	-	-	8,703	121,509
2028	112,807	-	-	-	112,807
2029-2033	50,289	-	-	-	50,289
Total Payments	<u>738,085</u>	<u>100,837</u>	<u>47,153</u>	<u>820,129</u>	<u>1,706,204</u>
Less Interest	<u>95,600</u>	<u>5,680</u>	<u>699</u>	<u>55,913</u>	<u>157,892</u>
Present Value of Future Minimum Lease Payments	<u>\$ 642,485</u>	<u>\$ 95,157</u>	<u>\$ 46,454</u>	<u>\$ 764,216</u>	<u>\$ 1,548,312</u>
Carrying Value of the Related Fixed Asset	<u>\$ 1,146,529</u>	<u>\$ 177,975</u>	<u>\$ 91,837</u>	<u>\$ 810,698</u>	<u>\$ 2,227,039</u>

Bonds

Hospital Bonds. The County issued bonds on May 26, 2022, in the amount of \$6,405,000 for the purpose of paying the costs of constructing an addition to the existing hospital facilities and renovation of existing space, equipment, site and parking improvements, all located at the existing north campus hospital site. The bond payable balance, as of June 30, 2023, was \$6,405,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds in the event the Hospital cannot meet the debt service obligation. As of June 30, 2023, no additional taxes had been levied by the County. Full disclosure of the liability can be found in the separately issued Hospital audit report.

Manor Bond. The County issued bonds on May 30, 2019, in the amount of \$1,125,000 for the purpose of refunding the County's outstanding General Obligation Nursing Home Bonds, Series 2014. The bond payable balance, as of June 30, 2023, was \$975,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. As of June 30, 2023, no additional taxes had been levied by the County. The County expects the Nursing Home to cover bond payments due.

KIMBALL COUNTY

NOTES TO FINANCIAL STATEMENTS

(Concluded)

7. **Long-Term Obligations** (Concluded)

Future Payments:

Year	Principal	Interest	Total
2024	\$ 80,000	\$ 24,515	\$ 104,515
2025	80,000	22,875	102,875
2026	80,000	21,155	101,155
2027	85,000	19,298	104,298
2028	85,000	17,300	102,300
2029-2033	465,000	50,075	515,075
2034	100,000	1,550	101,550
Total Payments	<u>\$ 975,000</u>	<u>\$ 156,768</u>	<u>\$ 1,131,768</u>

Welcome Center Bond. The County issued bonds on July 1, 2014, in the amount of \$205,000 for the purpose of paying the costs of acquiring and furnishing a building for use as a welcome center for the County. The bond payable balance, as of June 30, 2023, was \$25,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. The County expects the bonds to be paid off using lodging tax receipts.

Future Payments:

Year	Principal	Interest	Total
2024	\$ 25,000	\$ 575	\$ 25,575

8. **Contingent Liabilities**

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, the County Attorney believes the resolution of these matters will not have a materially adverse effect on the financial condition of the County.

KIMBALL COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 3,512,242	\$ 3,512,242	\$ 3,547,373	\$ 35,131
Investment Income	11,500	11,500	41,946	30,446
Intergovernmental	457,500	457,500	70,064	(387,436)
Charges for Services	341,100	341,100	294,017	(47,083)
Miscellaneous	1,122,500	1,122,500	97,646	(1,024,854)
TOTAL RECEIPTS	5,444,842	5,444,842	4,051,046	(1,393,796)
DISBURSEMENTS				
General Government:				
County Board	75,190	75,190	71,870	3,320
County Clerk	206,897	206,897	206,315	582
County Treasurer	173,165	173,165	168,200	4,965
County Assessor	174,634	174,634	164,662	9,972
Election Commissioner	26,200	31,200	29,969	1,231
Building and Zoning	22,400	22,400	16,022	6,378
Clerk of the District Court	110,140	110,140	107,196	2,944
County Court System	5,110	5,110	3,484	1,626
Building and Grounds	227,840	227,840	204,608	23,232
Reappraisal	63,254	63,254	51,242	12,012
Agricultural Extension Agent	62,615	62,615	60,053	2,562
Information Technology	61,000	81,000	79,455	1,545
Human Resources	23,463	24,463	23,625	838
Employment Security	4,000	4,000	-	4,000
Grants	300,000	300,000	-	300,000
Miscellaneous	2,514,800	2,448,800	1,290,771	1,158,029
Public Safety				
County Sheriff	409,785	409,785	355,853	53,932
County Attorney	122,065	122,065	119,312	2,753
Communication Center	456,650	456,650	400,158	56,492
County Jail	124,027	159,027	155,705	3,322
Emergency Management	32,000	32,000	26,009	5,991
Ambulance	98,000	103,000	101,988	1,012
Public Works				
County Surveyor	16,900	16,900	8,101	8,799
Noxious Weed Control	162,664	162,664	148,840	13,824

(Continued)

KIMBALL COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DISBURSEMENTS (Continued)				
Public Assistance				
Veterans' Service Officer	51,116	51,116	46,801	4,315
Relief	12,050	12,050	1,094	10,956
TOTAL DISBURSEMENTS	<u>5,535,965</u>	<u>5,535,965</u>	<u>3,841,333</u>	<u>1,694,632</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(91,123)</u>	<u>(91,123)</u>	<u>209,713</u>	<u>300,836</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,470,500	1,470,500	375,794	(1,094,706)
Transfers out	<u>(1,347,331)</u>	<u>(1,347,331)</u>	<u>(963,946)</u>	<u>383,385</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>123,169</u>	<u>123,169</u>	<u>(588,152)</u>	<u>(711,321)</u>
Net Change in Fund Balance	32,046	32,046	(378,439)	(410,485)
FUND BALANCE - BEGINNING	<u>517,954</u>	<u>517,954</u>	<u>517,954</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ 550,000</u></u>	<u><u>\$ 550,000</u></u>	<u><u>\$ 139,515</u></u>	<u><u>\$ (410,485)</u></u>
				(Concluded)

KIMBALL COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 828,694	\$ 828,694	\$ 869,133	\$ 40,439
Charges for Services	3,300	3,300	6,107	2,807
Miscellaneous	850	850	2,351	1,501
TOTAL RECEIPTS	832,844	832,844	877,591	44,747
DISBURSEMENTS	1,599,968	1,599,968	1,405,996	193,972
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(767,124)	(767,124)	(528,405)	238,719
OTHER FINANCING SOURCES (USES)				
Transfers in	947,885	947,885	550,000	(397,885)
Transfers out	(100,000)	(100,000)	(50,000)	50,000
TOTAL OTHER FINANCING SOURCES (USES)	847,885	847,885	500,000	(347,885)
Net Change in Fund Balance	80,761	80,761	(28,405)	(109,166)
FUND BALANCE - BEGINNING	94,239	94,239	94,239	-
FUND BALANCE - ENDING	\$ 175,000	\$ 175,000	\$ 65,834	\$ (109,166)
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 100,300	\$ 100,300	\$ 112,211	\$ 11,911
TOTAL RECEIPTS	100,300	100,300	112,211	11,911
DISBURSEMENTS	792,866	792,866	-	792,866
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(692,566)	(692,566)	112,211	804,777
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(1,100,000)	(1,100,000)	(515,000)	585,000
TOTAL OTHER FINANCING SOURCES (USES)	(1,100,000)	(1,100,000)	(515,000)	585,000
Net Change in Fund Balance	(1,792,566)	(1,792,566)	(402,789)	1,389,777
FUND BALANCE - BEGINNING	1,792,566	1,792,566	1,792,566	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 1,389,777	\$ 1,389,777
ROAD SINKING FUND				
RECEIPTS				
Intergovernmental	\$ 99,112	\$ 99,112	\$ 110,689	\$ 11,577
TOTAL RECEIPTS	99,112	99,112	110,689	11,577
DISBURSEMENTS	1,336,910	1,336,910	206,678	1,130,232
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,237,798)	(1,237,798)	(95,989)	1,141,809
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	100,000	50,000	(50,000)
Transfers out	-	-	-	-
Proceeds from Sale of Bonds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	100,000	100,000	50,000	(50,000)
Net Change in Fund Balance	(1,137,798)	(1,137,798)	(45,989)	1,091,809
FUND BALANCE - BEGINNING	1,137,798	1,137,798	1,137,798	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 1,091,809	\$ 1,091,809

KIMBALL COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
COVID AMERICAN RESCUE PLAN FUND				
RECEIPTS				
Investment Income	\$ 500	\$ 500	\$ 5,543	\$ 5,043
TOTAL RECEIPTS	500	500	5,543	5,043
DISBURSEMENTS	706,333	706,333	92,919	613,414
Net Change in Fund Balance	(705,833)	(705,833)	(87,376)	618,457
FUND BALANCE - BEGINNING	705,833	705,833	705,833	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 618,457	\$ 618,457
TRANSIT SERVICE FUND				
RECEIPTS				
Intergovernmental	\$ 1,761,925	\$ 1,761,925	\$ 1,262,235	\$ (499,690)
Charges for Services	473,493	473,493	210,035	(263,458)
Miscellaneous	13,250	13,250	50	(13,200)
TOTAL RECEIPTS	2,248,668	2,248,668	1,472,320	(776,348)
DISBURSEMENTS	2,274,207	2,274,207	1,968,071	306,136
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(25,539)	(25,539)	(495,751)	(470,212)
OTHER FINANCING SOURCES (USES)				
Transfers in	200,000	200,000	480,000	280,000
Transfers out	(255,000)	(255,000)	-	255,000
TOTAL OTHER FINANCING SOURCES (USES)	(55,000)	(55,000)	480,000	535,000
Net Change in Fund Balance	(80,539)	(80,539)	(15,751)	64,788
FUND BALANCE - BEGINNING	80,539	80,539	80,539	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 64,788	\$ 64,788
CAPITAL PROJECTS FUND				
RECEIPTS	\$ -	\$ -	\$ 145,327	\$ 64,788
DISBURSEMENTS	777,503	777,503	17,224	760,279
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(777,503)	(777,503)	(17,224)	760,279
OTHER FINANCING SOURCES (USES)				
Transfers in	12,313	12,313	12,313	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	12,313	12,313	12,313	-
Net Change in Fund Balance	(765,190)	(765,190)	(4,911)	760,279
FUND BALANCE - BEGINNING	765,190	765,190	765,190	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 760,279	\$ 760,279

(Concluded)

KIMBALL COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
CHILD SUPPORT - DISTRICT COURT FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(16,826)	(16,826)	(1,406)	15,420
Transfers in	16,664	16,664	16,664	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(162)	(162)	15,258	15,420
Fund Balance - Beginning	162	162	162	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,420</u>	<u>\$ 15,420</u>
CHILD SUPPORT - COUNTY ATTORNEY FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(35,458)	(35,458)	(34,226)	1,232
Transfers in	34,969	34,969	34,969	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(489)	(489)	743	1,232
Fund Balance - Beginning	489	489	489	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,232</u>	<u>\$ 1,232</u>
VISITORS PROMOTION FUND				
Receipts	\$ 78,100	\$ 78,100	\$ 56,192	\$ (21,908)
Disbursements	(82,685)	(82,685)	(53,750)	28,935
Transfers in	45,500	45,500	10,000	(35,500)
Transfers out	(45,500)	(45,500)	-	45,500
Net Change in Fund Balance	(4,585)	(4,585)	12,442	17,027
Fund Balance - Beginning	4,585	4,585	4,585	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,027</u>	<u>\$ 17,027</u>
VISITORS IMPROVEMENT FUND				
Receipts	\$ 80,100	\$ 80,100	\$ 69,061	\$ (11,039)
Disbursements	(82,310)	(82,310)	(39,357)	42,953
Transfers in	60,000	60,000	-	(60,000)
Transfers out	(82,000)	(82,000)	(21,035)	60,965
Net Change in Fund Balance	(24,210)	(24,210)	8,669	32,879
Fund Balance - Beginning	24,210	24,210	24,210	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,879</u>	<u>\$ 32,879</u>
PRESERVATION & MODERNIZATION FUND				
Receipts	\$ 6,050	\$ 6,050	\$ 4,171	\$ (1,879)
Disbursements	(35,176)	(35,176)	(12,233)	22,943
Net Change in Fund Balance	(29,126)	(29,126)	(8,062)	21,064
Fund Balance - Beginning	29,126	29,126	29,126	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,064</u>	<u>\$ 21,064</u>

(Continued)

KIMBALL COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VETERANS' AID FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(3,348)	(3,348)	-	3,348
Net Change in Fund Balance	(3,348)	(3,348)	-	3,348
Fund Balance - Beginning	3,698	3,698	3,698	-
Fund Balance - Ending	<u>\$ 350</u>	<u>\$ 350</u>	<u>\$ 3,698</u>	<u>\$ 3,348</u>
STOP PROGRAM FUND				
Receipts	\$ 5,000	\$ 5,000	\$ 4,140	\$ (860)
Disbursements	(29,470)	(29,470)	(9,197)	20,273
Net Change in Fund Balance	(24,470)	(24,470)	(5,057)	19,413
Fund Balance - Beginning	24,470	24,470	24,470	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,413</u>	<u>\$ 19,413</u>
DRUG LAW ENFORCEMENT & EDUCATION FUND				
Receipts	\$ 50,000	\$ 50,000	\$ -	\$ (50,000)
Disbursements	(54,547)	(54,547)	-	54,547
Net Change in Fund Balance	(4,547)	(4,547)	-	4,547
Fund Balance - Beginning	4,547	4,547	4,547	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,547</u>	<u>\$ 4,547</u>
911 EMERGENCY SERVICES FUND				
Receipts	\$ 14,025	\$ 14,025	\$ 12,543	\$ (1,482)
Disbursements	(51,495)	(51,495)	(13,116)	38,379
Transfers in	-	-	-	-
Transfers out	-	-	(110)	(110)
Net Change in Fund Balance	(37,470)	(37,470)	(683)	36,787
Fund Balance - Beginning	37,470	37,470	37,470	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,787</u>	<u>\$ 36,787</u>
911 WIRELESS SERVICE FUND				
Receipts	\$ 33,219	\$ 33,219	\$ 33,218	\$ (1)
Disbursements	(50,226)	(50,226)	(48,891)	1,335
Transfers in	-	-	110	110
Transfers out	-	-	-	-
Net Change in Fund Balance	(17,007)	(17,007)	(15,563)	1,444
Fund Balance - Beginning	17,007	17,007	17,007	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,444</u>	<u>\$ 1,444</u>

(Continued)

KIMBALL COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
MANOR BOND FUND				
Receipts	\$ 102,028	\$ 102,028	\$ 101,427	\$ (601)
Disbursements	(102,028)	(102,028)	(101,427)	601
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LANDFILL FUND				
Receipts	\$ 82,000	\$ 82,000	\$ 86,918	\$ 4,918
Disbursements	(112,592)	(112,592)	(81,050)	31,542
Transfers in	-	-	-	-
Transfers out	(10,000)	(10,000)	(794)	9,206
Net Change in Fund Balance	(40,592)	(40,592)	5,074	45,666
Fund Balance - Beginning	40,592	40,592	40,592	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,666</u>	<u>\$ 45,666</u>
WELCOME CENTER BOND FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(52,000)	(52,000)	(21,035)	30,965
Transfers in	52,000	52,000	21,035	(30,965)
Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
OPIOID RECOVERY FUND				
Receipts	\$ 2,000	\$ 2,000	\$ 4,620	\$ 2,620
Disbursements	(2,000)	(2,000)	-	2,000
Net Change in Fund Balance	-	-	4,620	4,620
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,620</u>	<u>\$ 4,620</u>
FEDERAL DRUG LAW ENFORCEMENT FUND				
Receipts	\$ 50,000	\$ 50,000	\$ -	\$ (50,000)
Disbursements	(50,000)	(50,000)	-	50,000
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Concluded)

KIMBALL COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR FUNDS

For the Year Ended June 30, 2023

	Child Support - District Court Fund	Child Support - County Attorney Fund	Visitors Promotion Fund	Visitors Improvement Fund	Preservation & Modernization Fund
RECEIPTS					
Taxes:					
Other	\$ -	\$ -	\$ 26,779	\$ 26,779	\$ -
Investment Income	-	-	-	-	-
Intergovernmental	-	-	21,000	42,035	-
Charges for Services	-	-	8,166	-	4,171
Miscellaneous	-	-	247	247	-
TOTAL RECEIPTS	<u>-</u>	<u>-</u>	<u>56,192</u>	<u>69,061</u>	<u>4,171</u>
DISBURSEMENTS					
General Government	1,406	-	-	-	12,233
Public Safety	-	34,226	-	-	-
Public Works	-	-	-	-	-
Culture and Recreation	-	-	53,750	39,357	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>1,406</u>	<u>34,226</u>	<u>53,750</u>	<u>39,357</u>	<u>12,233</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(1,406)</u>	<u>(34,226)</u>	<u>2,442</u>	<u>29,704</u>	<u>(8,062)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	16,664	34,969	10,000	-	-
Transfers out	-	-	-	(21,035)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>16,664</u>	<u>34,969</u>	<u>10,000</u>	<u>(21,035)</u>	<u>-</u>
Net Change in Fund Balances	15,258	743	12,442	8,669	(8,062)
FUND BALANCES - BEGINNING	<u>162</u>	<u>489</u>	<u>4,585</u>	<u>24,210</u>	<u>29,126</u>
FUND BALANCES - ENDING	<u>\$ 15,420</u>	<u>\$ 1,232</u>	<u>\$ 17,027</u>	<u>\$ 32,879</u>	<u>\$ 21,064</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	17,027	32,879	-
911 Emergency Services	-	-	-	-	-
Drug Education / Enforcement	-	-	-	-	-
Preservation of Records	-	-	-	-	21,064
Child Support Enforcement	15,420	1,232	-	-	-
Aid and Assistance	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Landfill	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 15,420</u>	<u>\$ 1,232</u>	<u>\$ 17,027</u>	<u>\$ 32,879</u>	<u>\$ 21,064</u>

(Continued)

KIMBALL COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR FUNDS

For the Year Ended June 30, 2023

	Veterans' Aid Fund	STOP Program Fund	Drug Law Enforcement & Education Fund	911 Emergency Services Fund	911 Wireless Service Fund
RECEIPTS					
Taxes:					
Other	\$ -	\$ -	\$ -	\$ 12,523	\$ 33,218
Investment Income	-	-	-	20	-
Intergovernmental	-	-	-	-	-
Charges for Services	-	4,140	-	-	-
Miscellaneous	-	-	-	-	-
TOTAL RECEIPTS	<u>-</u>	<u>4,140</u>	<u>-</u>	<u>12,543</u>	<u>33,218</u>
DISBURSEMENTS					
General Government	-	-	-	-	-
Public Safety	-	9,197	-	13,116	48,891
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>9,197</u>	<u>-</u>	<u>13,116</u>	<u>48,891</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>-</u>	<u>(5,057)</u>	<u>-</u>	<u>(573)</u>	<u>(15,673)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	110
Transfers out	-	-	-	(110)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(110)</u>	<u>110</u>
Net Change in Fund Balances	-	(5,057)	-	(683)	(15,563)
FUND BALANCES - BEGINNING	<u>3,698</u>	<u>24,470</u>	<u>4,547</u>	<u>37,470</u>	<u>17,007</u>
FUND BALANCES - ENDING	<u>\$ 3,698</u>	<u>\$ 19,413</u>	<u>\$ 4,547</u>	<u>\$ 36,787</u>	<u>\$ 1,444</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	-	-	-	36,787	1,444
Drug Education / Enforcement	-	-	4,547	-	-
Preservation of Records	-	-	-	-	-
Child Support Enforcement	-	-	-	-	-
Aid and Assistance	3,698	-	-	-	-
Committed to:					
Law Enforcement	-	19,413	-	-	-
Landfill	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 3,698</u>	<u>\$ 19,413</u>	<u>\$ 4,547</u>	<u>\$ 36,787</u>	<u>\$ 1,444</u>

(Continued)

KIMBALL COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR FUNDS

For the Year Ended June 30, 2023

	Manor Bond Fund	Landfill Fund	Welcome Center Bond Fund	Opioid Recovery Fund	Total Nonmajor Funds
RECEIPTS					
Taxes:					
Other	\$ -	\$ -	\$ -	\$ -	\$ 99,299
Investment Income	-	-	-	-	20
Intergovernmental	101,427	-	-	-	164,462
Charges for Services	-	86,918	-	-	103,395
Miscellaneous	-	-	-	4,620	5,114
TOTAL RECEIPTS	<u>101,427</u>	<u>86,918</u>	<u>-</u>	<u>4,620</u>	<u>372,290</u>
DISBURSEMENTS					
General Government	-	-	-	-	13,639
Public Safety	-	-	-	-	105,430
Public Works	-	81,050	-	-	81,050
Culture and Recreation	-	-	-	-	93,107
Debt Service:					
Principal Payments	75,000	-	20,000	-	95,000
Interest and Fiscal Charges	26,427	-	1,035	-	27,462
TOTAL DISBURSEMENTS	<u>101,427</u>	<u>81,050</u>	<u>21,035</u>	<u>-</u>	<u>415,688</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>-</u>	<u>5,868</u>	<u>(21,035)</u>	<u>4,620</u>	<u>(43,398)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	21,035	-	82,778
Transfers out	-	(794)	-	-	(21,939)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(794)</u>	<u>21,035</u>	<u>-</u>	<u>60,839</u>
Net Change in Fund Balances	-	5,074	-	4,620	17,441
FUND BALANCES - BEGINNING	<u>-</u>	<u>40,592</u>	<u>-</u>	<u>-</u>	<u>186,356</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ 45,666</u>	<u>\$ -</u>	<u>\$ 4,620</u>	<u>\$ 203,797</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	49,906
911 Emergency Services	-	-	-	-	38,231
Drug Education / Enforcement	-	-	-	4,620	9,167
Preservation of Records	-	-	-	-	21,064
Child Support Enforcement	-	-	-	-	16,652
Aid and Assistance	-	-	-	-	3,698
Committed to:					
Law Enforcement	-	-	-	-	19,413
Landfill	-	45,666	-	-	45,666
TOTAL FUND BALANCES	<u>\$ -</u>	<u>\$ 45,666</u>	<u>\$ -</u>	<u>\$ 4,620</u>	<u>\$ 203,797</u>

(Concluded)

KIMBALL COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2023

	County Clerk	Clerk of the District Court	County Sheriff	Highway Superintendent	Visitors Center	County Transit	Payroll Imprest Account	Total
BALANCES JULY 1, 2022	\$ 10,263	\$ 34,343	\$ 3,247	\$ 150	\$ 2,216	\$ 418	\$ 100	\$ 50,737
RECEIPTS								
Taxes	-	-	488	-	-	-	-	488
Intergovernmental	-	-	-	-	-	1,241,623	-	1,241,623
Charges for Services	60,581	7,634	13,051	5,125	8,318	216,287	-	310,996
Miscellaneous	497	-	89	2,387	525	564	-	4,062
State Fees	63,049	8,925	-	-	509	-	-	72,483
Other Liabilities	138	156,239	138,773	-	-	-	-	295,150
TOTAL RECEIPTS	124,265	172,798	152,401	7,512	9,352	1,458,474	-	1,924,802
DISBURSEMENTS								
Payments to County Treasurer	58,185	7,870	13,146	7,327	8,660	1,424,590	-	1,519,778
Payments to State Treasurer	56,961	8,236	-	-	444	-	-	65,641
Petty Cash & Other Payments	497	-	89	-	17	564	-	1,167
Other Liabilities	138	126,985	138,773	-	-	-	-	265,896
TOTAL DISBURSEMENTS	115,781	143,091	152,008	7,327	9,121	1,425,154	-	1,852,482
BALANCES JUNE 30, 2023	\$ 18,747	\$ 64,050	\$ 3,640	\$ 335	\$ 2,447	\$ 33,738	\$ 100	\$ 123,057
BALANCES CONSIST OF:								
Due to County Treasurer	\$ 6,059	\$ 942	\$ 2,039	\$ 335	\$ 2,173	\$ 33,438	\$ -	\$ 44,986
Petty Cash	2,540	100	1,600	-	100	300	100	4,740
Due to State Treasurer	10,148	1,621	-	-	174	-	-	11,943
Due to Others	-	61,387	1	-	-	-	-	61,388
BALANCES JUNE 30, 2023	\$ 18,747	\$ 64,050	\$ 3,640	\$ 335	\$ 2,447	\$ 33,738	\$ 100	\$ 123,057

KIMBALL COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2023

Item	2018	2019	2020	2021	2022
Tax Certified by Assessor					
Real Estate	\$ 8,177,497	\$ 8,452,639	\$ 8,286,417	\$ 8,321,900	\$ 8,688,569
Personal and Specials	3,086,093	3,060,197	3,050,531	3,214,477	3,072,953
Total	<u>11,263,590</u>	<u>11,512,836</u>	<u>11,336,948</u>	<u>11,536,377</u>	<u>11,761,522</u>
Corrections					
Additions	2,781	8,292	2,771	1,685	860
Deductions	<u>(54,169)</u>	<u>(3,844)</u>	<u>(1,883)</u>	<u>(382)</u>	<u>(634)</u>
Net Additions/ (Deductions)	<u>(51,388)</u>	<u>4,448</u>	<u>888</u>	<u>1,303</u>	<u>226</u>
Corrected Certified Tax	<u>11,212,202</u>	<u>11,517,284</u>	<u>11,337,836</u>	<u>11,537,680</u>	<u>11,761,748</u>
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2019	6,450,922	-	-	-	-
June 30, 2020	4,729,317	7,746,375	-	-	-
June 30, 2021	20,197	3,749,063	6,721,502	-	-
June 30, 2022	7,646	14,290	4,602,737	6,860,280	-
June 30, 2023	<u>1,871</u>	<u>5,071</u>	<u>10,988</u>	<u>4,669,157</u>	<u>7,220,764</u>
Total Net Collections	<u>11,209,953</u>	<u>11,514,799</u>	<u>11,335,227</u>	<u>11,529,437</u>	<u>7,220,764</u>
Total Uncollected Tax	<u>\$ 2,249</u>	<u>\$ 2,485</u>	<u>\$ 2,609</u>	<u>\$ 8,243</u>	<u>\$ 4,540,984</u>
Percentage Uncollected Tax	<u>0.02%</u>	<u>0.02%</u>	<u>0.02%</u>	<u>0.07%</u>	<u>38.61%</u>

Note: Tax refunds are netted against tax collections to determine Net Tax Collected.

KIMBALL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Entity Identifying Number	Total Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Nebraska Department of Health and Human Services			
Child Support Enforcement	93.563	51327 Y3; 51445 Y3	\$ 50,002
Total U.S. Department of Health and Human Services			50,002
DEPARTMENT OF TRANSPORTATION			
Passed through Nebraska Department of Transportation			
Highway Planning and Construction	20.205	51483M	59,694
Formula Grants for Rural Areas and Tribal Transit Program	20.509	01049A; 51421T *	1,210,216
Total U.S. Department of Transportation			1,269,910
DEPARTMENT OF THE TREASURY			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not Applicable	92,919
Total U.S. Department of the Treasury			92,919
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,412,831

* Represents Major Program

See accompanying Notes to the Schedule of Expenditures of Federal Awards

KIMBALL COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of Federal awards (Schedule) includes the Federal award activity of Kimball County (County) under programs of the Federal government for the year ended June 30, 2023. 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 Kimball 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. 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. Kimball County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
State Auditor

Mike.Foley@nebraska.gov

PO Box 98917

State Capitol, Suite 2303

Lincoln, Nebraska 68509

402-471-2111, FAX 402-471-3301

auditors.nebraska.gov

KIMBALL COUNTY
**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
GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Kimball County, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kimball County, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 7, 2024. The report notes the financial statements were prepared on the basis of cash receipts and disbursements and do not include the financial data of the Kimball County Hospital or Kimball County Manor, component units of Kimball County.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We consider the following deficiency in the County's internal control to be a significant deficiency:

- The County offices lacked a segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. Inadequate segregation of duties could lead to the misappropriation of assets or improper reporting. Due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost.

County's Response: The County has discussed the finding but must consider the cost of adequate segregation of duties when determining the use of tax money.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kimball County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Additional Items

We also noted certain matters that we reported to the management of Kimball County in a separate letter dated February 7, 2024.

Kimball County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the finding identified in our audit and described previously. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Jeff Schreier, CPA
Audit Manager
Lincoln, Nebraska

February 7, 2024



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
State Auditor

Mike.Foley@nebraska.gov

PO Box 98917

State Capitol, Suite 2303

Lincoln, Nebraska 68509

402-471-2111, FAX 402-471-3301

auditors.nebraska.gov

KIMBALL COUNTY INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
Kimball County, Nebraska

Report on Compliance for Each Major Federal Program

Adverse Opinion

We have audited Kimball County's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Kimball County's major Federal program for the year ended June 30, 2023. Kimball County's major Federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Adverse Opinion on Formula Grants for Rural Areas and Tribal Transit Program

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, Kimball County did not comply in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Formula Grants for Rural Areas and Tribal Transit Program for the year ended June 30, 2023.

Basis for Adverse Opinion

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 Kimball 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 Kimball County's compliance with the compliance requirements referred to above.

Matter Giving Rise to Adverse Opinion on Formula Grants for Rural Areas and Tribal Transit Program

As described in the accompanying Schedule of Findings and Questioned Costs, Kimball County did not comply with requirements regarding Formula Grants for Rural Areas and Tribal Transit Program (AL # 20.509) as described in finding number # 2023-002 for Reporting. Compliance with such requirements is necessary, in our opinion, for Kimball 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 Kimball 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 Kimball 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 Kimball 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 Kimball 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 Kimball 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 Kimball 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.

Other Matters

The results of our auditing procedures disclosed another instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and is described in the accompanying Schedule of Findings and Questioned Costs as Finding #2023-003. Our opinion on each major Federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on Kimball County's response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. Kimball 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.

Kimball County is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Kimball County's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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 a certain deficiency in internal control over compliance that we consider to be a material weakness.

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 deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item # 2023-002 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 Kimball 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. Kimball 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.

Kimball County is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Kimball County's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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.



Jeff Schreier, CPA
Audit Manager
Lincoln, Nebraska

February 7, 2024

KIMBALL COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2023

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: **Formula Grants for Rural Areas and Tribal Transit Program: AL #20.509**

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

\$750,000

Auditee qualified as low-risk auditee?

 Yes X No

KIMBALL COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Continued)

Section II – Financial Statement Findings

Finding # 2023-001

Condition: There is a lack of segregation of accounting functions among various County offices and personnel. This is a continuing item from the prior year.

Criteria: Authorization or approval of transactions, recording of transactions, and custody of assets should normally be segregated from each other.

Context: Various County offices collect money; most of those offices employ one or two individuals. The offices remit the money to the County Treasurer.

Effect: This lack of segregation of duties results in an inadequate overall internal control structure design.

Cause: The County does not employ sufficient office personnel to segregate properly accounting functions.

Recommendation: 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.

View of Officials: The County has discussed the finding but must consider the cost of adequate segregation of duties when determining the use of tax money.

Section III – Federal Award Findings and Questioned Costs

Finding # 2023-002

Program: Various, including AL 20.509 – Formula Grants for Rural Areas and Tribal Transit Program – Reporting

Grant Number & Year: Various

Federal Grantor Agency: Various, including U.S. Department of Transportation

Pass-Through Entity: Various, including Nebraska Department of Transportation

Criteria: Title 2 of the U.S. Code of Federal Regulations (CFR) § 200.510(b) (January 1, 2023) 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) For Federal awards received as a subrecipient, the name of the passthrough entity and identifying number assigned by the pass-through entity must be included. . . .

Title 2 CFR § 200.302(b) (January 1, 2023) states, in relevant part, the following:

The financial management system of each non-Federal entity must provide for the following . . . (1) Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. Federal program and Federal award identification must include, as applicable, the Assistance Listings title and number, Federal award identification number and year, name of the Federal agency, and name of the pass-through entity, if any.

KIMBALL COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Continued)

Title 2 CFR § 200.303 (January 1, 2023) 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).

Title 2 CFR § 200.511(a) (January 1, 2023) requires the auditee to prepare a summary schedule of prior audit findings. Per subsection (b)(2) of that same regulation, “When audit findings were not corrected or were only partially corrected, the summary schedule must describe the reasons for the finding’s recurrence and planned corrective action, and any partial corrective action taken.”

The U.S. Department of Transportation adopted the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in Title 2 CFR § 1201.10 (January 1, 2023).

A good internal control plan requires adequate procedures to ensure the Schedule of Expenditures Federal Awards (SEFA) is properly presented and includes all Federal expenditures made by the County during the fiscal year.

Condition: Kimball County does not have adequate procedures in place to ensure the SEFA is prepared accurately and includes all Federal expenditures of the County. Consequently, there were numerous errors in the SEFA that were identified by the auditors.

A similar finding was noted during the fiscal year 2022 audit. The Summary Schedule of Prior Audit Findings lists the status of this finding as complete.

Repeat Finding: Finding # 2022-002

Questioned Costs: None

Statistical Sample: No

Context: Specifically, we noted the following errors during our audit:

- Fiscal year 2023 Federal expenditures of \$276,566 were improperly omitted from the SEFA for Assistance Listing 20.509.
- Fiscal year 2022 Federal expenditures of \$92,389 were improperly included as fiscal year 2023 expenditures for Assistance Listing 20.509.
- Non-Federal expenditures of \$253,869 were improperly included as Federal Expenditures for Assistance Listing 20.509. These expenditures were paid with State funds and, therefore, should not have been included on the SEFA.
- The SEFA provided by Kimball County did not include the assistance listing number to which the expenditures were related, nor did it identify the name of the pass-through entity or the identifying number assigned by the pass-through entity.

Corrections were made for these errors after they were identified by the auditors to ensure the SEFA was properly presented.

KIMBALL COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Continued)

Cause: Kimball County continues to lack personnel with adequate knowledge of Federal reporting and compliance requirements to prepare an accurate SEFA.

Effect: Increased risk for the SEFA to be inaccurate, which could lead to Federal sanctions or failure to audit programs that should be audited.

Recommendation: We recommend the County work with their pass-through entities to obtain training necessary to understand fully Federal reporting and compliance requirements, including how to prepare the SEFA accurately.

View of Officials: The information provided to the auditors regarding the SEFA did contain additional information such as the Federal and State reimbursements for the months before and after the fiscal year. While it is our responsibility to provide just the information required, the information was trackable and accurate per month.

Finding # 2023-003

Program: AL 20.509 – Formula Grants for Rural Areas and Tribal Transit Program – Allowability

Grant Number & Year: NE-2022-019; September 9, 2022

Federal Grantor Agency: U.S. Department of Transportation

Pass-Through Entity: Nebraska Department of Transportation

Criteria: The U.S. Department of Transportation adopted the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in Title 2 CFR § 1201.10 (January 1, 2023).

Title 2 CFR § 200.403 (January 1, 2023) requires costs to be reasonable, necessary, and adequately documented.

Title 2 CFR § 200.425(a) (January 1, 2023) states the following regarding the allowability of audit services:

A reasonably proportionate share of the costs of audits required by, and performed in accordance with, the Single Audit Act Amendments of 1996 (31 U.S.C. 7501–7507), as implemented by requirements of this part, are allowable.

A good internal control plan requires procedures to ensure that all methods used to allocate costs to a Federal grant are reasonable and adequately documented.

Condition: Kimball County's allocation of audit costs between Federal and non-Federal activities was not reasonable.

Repeat Finding: No

Questioned Costs: \$11,716 known

Statistical Sample: No

Context: During the fiscal year ending June 30, 2023, Kimball County paid for both the fiscal year 2021 and 2022 audits, totaling \$39,987. Of this amount, the County allocated \$23,987 to AL #20.509. Per the Transit Administrator, all audit costs above \$8,000 each year were allocated to AL #20.509 because, prior to requiring a Single audit each year, the County paid a different CPA \$8,000 for the annual audit. This CPA did not perform Single Audits; therefore, the County contracted with the Nebraska Auditor of Public Accounts (APA). This allocation was not reasonable because much of the additional audit costs incurred for the audit conducted by the APA were clearly unrelated to Single Audit Act requirements.

KIMBALL COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Concluded)

When sending the final invoice for the audit, the APA includes a detailed breakdown of how much of the total audit cost is attributable to each section of the audit. Based on that breakdown, we calculated a more reasonable allocation, as shown in table below. Based on this more reasonable allocation, we question costs of \$11,716.

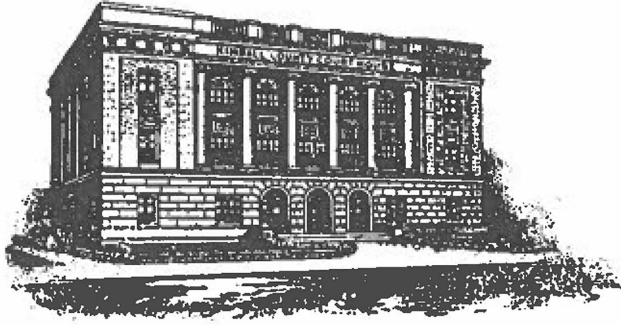
		FY 2021 Audit	FY 2022 Audit	Total
<i>To determine total costs to allocate to Single Audit</i>				
Total Costs specific to Single Audit	(1)	\$ 3,265	\$ 2,730	\$ 5,995
Total Costs specific to Non-Single Audit	(2)	8,391	8,148	16,539
General Costs to Allocate (Planning, Review, Travel, etc.)	(3)	8,339	9,114	17,453
Total Audit Costs		\$ 19,995	\$ 19,992	\$ 39,987
Total Non-General Expenses	(4)=(1)+(2)	11,656	10,878	22,534
Single Audit % of Total Non-General Expenses	(5)=(1)/(4)	28%	25%	
General Expenses Allocated to Single Audit	(6)=(5)*(3)	2,335	2,279	4,614
Total Audit Costs Allocated to Single Audit	(7)=(1)+(6)	\$ 5,600	\$ 5,009	\$ 10,609
<i>To determine total costs to allocate to AL #20.509</i>				
Expenditures for AL #20.509	(8)	977,906	773,781	1,751,687
Total Federal Expenditures	(9)	1,098,064	892,207	1,990,271
AL # 20.509 % of Total Federal Expenditures	10=(8)/(9)	89%	87%	
Audit Costs to Allocate to AL #20.509	(11)=(10)*(7)	\$ 4,984	\$ 4,358	\$ 9,342
Audit Costs Actually Allocated by Kimball County	(12)	11,995	11,992	23,987
Excess Allocation	(13)=(12)-(11)	7,011	7,634	14,645
Questioned Costs @ 80% Federal Reimbursement Rate		\$ 5,609	\$ 6,107	\$ 11,716

Cause: Procedures were not adequate to ensure that methods used to allocate costs were reasonable.

Effect: Increased risk for unallowable costs to be charged to Federal awards, leading to possible Federal sanctions.

Recommendation: We recommend the County implement procedures to ensure that all methods used to allocate costs to Federal grants are reasonable and adequately documented.

View of Officials: The main reason the costs to be allocated the way they were, was the county would not have switched vendors if the transit had not met the threshold requiring a vendor who could provide a Single Audit. KCTS does realize the decision was based on an inaccurate understanding of other county department's cost allocations of federal dollars and the uniform code. Moving forward, we will work to research any additional factors that may need to be considered in the cost allocation.



Kimball County Commissioners

114 East Third Street Ste 6
Kimball, Nebraska 69145

Phone: 308-235-4056

SCHEDULE OF PRIOR AUDIT FINDINGS For the Year Ended June 30, 2023

Finding 2021-1 (Since 2020) Segregation of Duties

Status: On-going

Reason for Recurrence: The County has discussed the finding but must consider the cost of adequate segregation of duties when determining the use of tax money.

Rich Flores, County Board Chairperson



SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2023

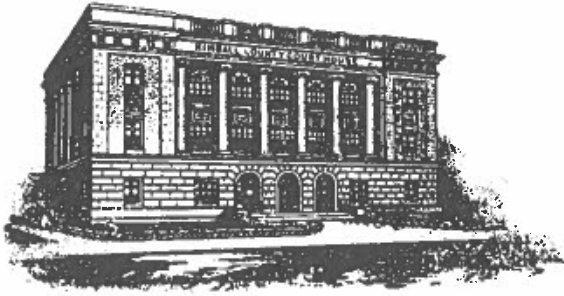
Finding 2022-002 (Since 2022) SEFA Preparation

Status: Complete

Sincerely,

A handwritten signature in black ink that reads "Christy Warner".

Christy Warner
Transit Administrator



Kimball County Commissioners

114 East Third Street Ste 6
Kimball, Nebraska 69145

Phone: 308-235-4056

CORRECTIVE ACTION PLAN

Year Ended June 30, 2023

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

Finding 2023-001: 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.

Anticipated Completion Date: Ongoing

Responsible Party: Rich Flores, Chairman, County Board

Rich Flores



Corrective Action Plan

For the Year Ended June 30, 2023

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

II. Findings Related to Federal Awards

Finding 2023-002:

Program:

Various, including AL 20.509 – Formula Grants for Rural Areas and Tribal Transit Program – Reporting

Corrective Action Planned: The transit will continue to provide training to all the personnel who handles the information needed to properly calculate the SEFA amounts for future audits.

Anticipated Completion Date: June 30, 2024

Responsible Party:

Christy Warner, Transit Administrator

Finding 2023-003:

Program:

AL 20.509 – Formula Grants for Rural Areas and Tribal Transit Program – Allowability

Corrective Action Planned: The transit will work with NDOT and FTA to ensure cost allocations have proper documentation. Any items that may not seem clear cut will be reviewed by NDOT or mobility management for feedback on the appropriateness of the expense reimbursement.

Anticipated Completion Date: June 30, 2024

Responsible Party:

Christy Warner, Transit Administrator

Christy Warner



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
State Auditor

Mike.Foley@nebraska.gov

PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
auditors.nebraska.gov

February 7, 2024

Board of Commissioners
Kimball County, Nebraska

Dear Commissioners:

We have audited the basic financial statements of Kimball County (County) for the fiscal year ended June 30, 2023, and have issued our report thereon dated February 7, 2024. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

During our audit, we noted certain matters involving internal control over financial reporting and other operational matters that are presented here. These comments and recommendations are intended to improve the internal control over financial reporting or result in operational efficiencies in the following areas:

COUNTY BOARD

Publishing of Meeting Minutes

Neb. Rev. Stat. § 23-122 (Reissue 2022) requires the County Board to publish, within 10 working days after the close of each meeting, "a brief statement of the proceedings thereof." Such statement must include "the amount of each claim allowed, the purpose of the claim, and the name of the claimant."

During the audit, we tested five County Board meeting minute publications and noted that none were published within the required 10 working days, as shown in the table below:

Meeting Date	Published Date	# of Days
9/13/2022	9/29/2022	16
11/15/2022	12/15/2022	30
3/7/2023	3/30/2023	23
4/4/2023	4/27/2023	23
5/16/2023	6/15/2023	30

Good internal controls require procedures to ensure that the County Board publishes the required information within 10 working days of its meetings, as mandated by State law.

Without such procedures, there is an increased risk of not only the County Board failing to comply with § 23-122 but also important public information being withheld from the County's residents.

A similar finding has been noted continually for the last four audits, with no corrective action taken by the Board.

We recommend the County Board implement procedures to ensure publication of a “brief statement” of its proceedings within 10 working days after the close of each meeting.

Potentially Disallowed Purchases

During testing, we noted the following potentially disallowed purchases made by Kimball County:

- On January 5, 2023, the County Clerk used petty cash to purchase rolls and donuts, totaling \$59, for a swearing in ceremony.
- On April 6, 2023, the County Board approved claim # 4230090 to Flower Haven & Gifts, totaling \$55, to purchase flowers for the funeral of a former employee’s spouse.

The Local Government Miscellaneous Expenditure Act (Act), which is set out at Neb. Rev. Stat. §§ 13-2201 to 13-2204 (Reissue 2022), specifies various expenditures, aside from those otherwise authorized by law, that constitute allowable uses of public funds by designated political subdivisions. The provisions of the Act are made applicable to counties, among numerous other public entities, by both subsections (2) and (3) of Neb. Rev. Stat. § 13-2202 (Reissue 2022).

Neb. Rev. Stat. § 13-2203 (Reissue 2022) of the Act enumerates the miscellaneous expenditures permitted by governing bodies of local governments. Purchases of rolls, donuts, and flowers – whether for funerals, memorials, or other personal occasions – are not found among that select statutory list of permissible expenditures. As a result, such disbursements must be considered disallowed by law.

On September 17, 1993, the Nebraska Accountability and Disclosure Commission adopted a document entitled “A Guideline to the Use of Public Funds by Cities and Villages – Revised” (Guideline). The Guideline addresses a number of different scenarios involving the expenditure of public funds. Though issued three decades ago, the Guideline remains relevant to various Nebraska public entities, including counties.

Regarding the issue of flower and memorial purchases, the Guideline provides the following:

Question #6 – May municipal funds be expended for flowers and memorials for deceased elected officials, employees or their families?

Response – No.

Good internal control requires procedures to ensure that all purchases made by the County comply with provisions of the Act.

Without such procedures, there is an increased risk for not only noncompliance with applicable statutory requirements but also loss or misuse of public funds.

We recommend the County Board implement procedures to ensure all County purchases are allowable under State statute, including the provisions of the Act.

Salary Resolution

The salary resolution approved by the County Board for the 2019-2022 term allowed for a variable annual increase of up to 3.5%. Similarly, the salary resolution for the 2023-2026 term allows for a variable annual increase of up to \$5,000.

Neb. Rev. Stat. § 23-1114(1) (Reissue 2022) states, in relevant part: “The salaries of all elected officers of the county shall be fixed by the county board prior to January 15 of the year in which a general election will be held for the respective offices.”

Op. Att’y Gen. No. 63 (1973), addresses the following question:

In the resolution fixing salaries for county officials for the next term, may such resolution contain a cost of living escalation clause without offending against Article III, Section 19 of the Constitution.

The AG answered this question by saying:

There is nothing in the statutes which requires that county officials must receive the same annual salary during each year of their term. Accordingly, for example, the county board might provide for a certain percentage or a flat sum increase in salaries of county officials for each succeeding year of their terms. By the same token, we believe it to be permissible that a county board provide that salaries of county officials shall be escalated periodically in proportion to the increase in the cost of living index, notwithstanding the fact that the rate of such increase, if any, is not precisely predictable in advance. However, we believe the salary resolution should contain some definite standards by virtue of which the board will determine the amount of living cost increase. For example, the resolution might adopt as a standard some recognized official study and calculation of the percentage of living cost increase.

In the event the county board should elect to adopt a cost of living escalation clause, both the base salary and the formula for determining cost of living increase should be established at the time provided in Section 23-1114. Although the salary may change throughout the term, the formula itself must remain unchanged throughout the term.

The Nebraska court has observed that the purpose of Article III, Section 19 was to establish and maintain independence of the three branches of government. Ramsey v. Gage County, 153 Neb. 24, 43 N. W. 2d 593. Obviously, there is nothing in connection with the matter of an escalation clause in a county officials salary resolution which would in any way impinge upon the independence of the three branches of government.

(Emphasis added.) As made clear by the above excerpt from the Attorney General’s opinion, State law requires any planned increase included in a salary resolution for a county’s elected officers to be based upon “definite standards,” not treated as an indeterminate variable.

Additionally, good internal controls require procedures to ensure that the salaries of elected officers are fixed, as required by State statute.

Without such procedures, there is an increased risk of not only noncompliance with State statute but also loss or misuse of County funds.

We recommend the County Board implement procedures to ensure that future salary resolutions are adopted in accordance with all statutory requirements, and the County Attorney is consulted regarding what, if any, additional remedial action is necessary regarding the previously adopted resolutions.

Employee Appreciation

During the fiscal year ending June 30, 2023, we noted that the County purchased 75 gift certificates, totaling \$1,875 (\$25 each), from Main Street Market. These gift certificates were provided to County employees.

Additionally, we noted that Kimball County Transit Services purchased three recognition plaques, totaling \$66, in April 2023.

The County Board did not establish a “uniform policy which sets a dollar limit on the value of any plaque, certificate of achievement, or item of value” given, as required by Neb. Rev. Stat. § 13-2203(3) (Reissue 2022), prior to making this expenditure of public funds. Additionally, the County did not include the value of these gift certificates as taxable wages for County employees.

Neb. Rev. Stat. § 13-2203 (Reissue 2022) provides, as is relevant, the following:

In addition to other expenditures authorized by law, each governing body may approve:

* * * *

(3) The expenditure of public funds for plaques, certificates of achievement, or items of value awarded to elected or appointed officials, employees, or volunteers, including persons serving on local government boards or commissions. Before making any such expenditure, the governing body shall, by official action after a public hearing, establish a uniform policy which sets a dollar limit on the value of any plaque, certificate of achievement, or item of value to be awarded. Such policy, following its initial adoption, shall not be amended or altered more than once in any twelve-month period.

(Emphasis added). The “De Minimis (Minimal) Benefits” section of Internal Revenue Service (IRS) Publication 15-B (2023), “Employer’s Tax Guide to Fringe Benefits,” says, “Cash and cash equivalent fringe benefits (for example, gift certificates, gift cards, and the use of a charge card or credit card), no matter how little, are never excludable as a de minimis benefit.”

Good internal controls and sound business practice require procedures to ensure that all statutory requirements are met prior to making expenditures of public funds for plaques or appreciation gifts, and any gifts that constitute “cash equivalent fringe benefits” are appropriately included as taxable income to County employees.

Without such procedures, there is an increased risk for not only noncompliance with State statute, as well as unintended tax consequences, but also loss or misuse of public funds.

A similar finding has been noted continually for the last three audits, with no corrective action taken by the County Board.

We recommend the County Board implement a formal policy, as required by § 13-2203(3), prior to making any future expenditures of public funds for plaques or appreciation gifts, and any gift certificates provided to County employees are included as taxable income.

Down Payment

On May 18, 2023, the County Board approved claim 5230302 for a down payment to Husky Signs & Graphics Inc., totaling \$15,914, for vehicle wraps on vans used by Kimball County Transit Services. However, such a downpayment does not appear allowable based on State law.

Neb. Rev. Stat. § 23-135 (Reissue 2022) states the following, in relevant part:

(1) All claims against a county shall be filed with the county clerk within ninety days from the time when any materials or labor, which form the basis of the claims, have been furnished or performed, except that (a) the fees of jurors serving in the district courts shall be paid as provided for in section 23-131, (b) payment may be approved as provided in subsection (2) of this section, and (c) payments may be made as provided in subsection (3) of this section. . . .

(2) A county board may by resolution, which resolution constitutes a claim pursuant to subsection (1) of section 23-1303, approve the payment for a particular piece of personal property prior to the receipt of such property by the county. A county board may by resolution approve the payment for a particular piece of real or personal property at the auction at which such property is sold if the resolution states the maximum amount which the county may bid for the particular piece of real or personal property.

(3) The county board may pay in advance of services being rendered if it is pursuant to a contract entered into with the state. Such contract shall meet the requirements of the Interlocal Cooperation Act.

(Emphasis added). Good internal controls require procedures to ensure that downpayments by the County for future services are made only as permitted by State law.

Without such procedures, there is an increased risk for not only noncompliance with State statute, but also the loss or misuse of public funds.

We recommend the implementation of procedures to ensure that downpayments made by the County are made only as permitted by State law.

Duplicate Payments

During testing, we noted two duplicate payments made by the County during the fiscal year ending June 30, 2023. Details of these duplicate payments are noted below:

Claim #	Claim Date	Vendor	Amount	Office Submitting Claim
9220285	9/22/2022	Bytes Managed IT	\$ 1,669	Transit
10220090	10/6/2022	Bytes Managed IT	\$ 1,669	Transit
3230030	3/9/2023	Kimball Health Services	\$ 1,605	Jail
3230166	3/23/2023	Kimball Health Services	\$ 1,605	Jail

For the payment to Bytes Managed IT, the County received a credit; however, the County was unable to provide documentation that it, rather than the vendor, had identified this error.

For the payment to Kimball Health Services, the County was unable to provide documentation that it had received a credit or refund for the duplicate payment.

Good internal controls and sound business practices require procedures to ensure that a detailed review of all claims is performed prior to payment to identify and prevent duplicate payments.

Without such procedures, there is an increased risk for the loss or misuse of County funds.

A similar finding was noted in the prior audit.

We recommend the County Board implement procedures for reviewing all claims prior to approval to ensure that they are not duplicate payments.

Vacation Leave and Compensatory Time

During testing of leave balances and compensatory time, we noted the following:

- The County's Employee Handbook does not set a maximum on the amount of vacation leave an employee may accrue. Upon termination of employment with the County, employees are entitled to receive a payout of their unused vacation leave balance. Without a set maximum accrual, the County is creating a potentially significant liability if employees accrue large vacation leave balances.
- According to the County, the County Board periodically reviews vacation leave balances; however, this review is not formally documented. Consequently, we were unable to verify that such review was taking place.
- For two employees tested, the accumulated compensatory time exceeded the amount allowed by the County's Employee Handbook. One employee had accrued 43 hours of compensatory time while another had accrued 42 hours.

Section 3.7 of the County’s “Employee Handbook” (effective January 1, 2017) states the following regarding vacation leave:

In order to encourage the use of vacation time, employees should try not to accumulate more than the annual vacation leave they are granted. Department heads shall require employees to use their vacation time if it is not being taken on a timely basis.

Section 2.10 of the County’s “Employee Handbook” (effective January 1, 2017) states the following regarding compensatory time:

*Officials may choose to have employees take compensatory time off instead of cash payment for time worked beyond their regular hours. Upon proper authorization, up to **forty (40)** hours of compensatory time may be accumulated by employees.*

(Emphasis added). Good internal controls require procedures to ensure that employees do not accrue excessive vacation leave balances, and there is a documented review of leave balances by the County Board. Such procedures should also ensure that employees do not accrue more compensatory time than allowed by the Employee Handbook.

Without such procedures, there is an increased risk for the loss of misuse of public funds.

We recommend the County Board implement procedures to ensure that employees do not accrue excessive vacation leave balances, and there is a documented review of leave balances by the County Board. Such procedures should also ensure that employees do not accrue more compensatory time than allowed by the Employee Handbook.

Use of County Vehicle

We noted that the County Highway and Weed Superintendents used a County vehicle for commuting purposes; however, this fringe benefit was not included as part of their taxable wages.

Internal Revenue Service (IRS) Publication 15-B (2023), “Employer’s Guide to Fringe Benefits,” says, “[Y]ou determine the value of a vehicle you provide to an employee for commuting use by multiplying each one-way commute (that is, from home to work or from work to home) by \$1.50.”

Good internal controls and sound business practices require procedures to ensure that the proper value of using a County vehicle for commuting is included with the employee’s wages as a taxable fringe benefit.

Without such procedures, there is an increased risk of the County failing to report proper employee wage amounts to the IRS.

A similar finding has been noted continually for the last three audits, with no corrective action taken by the County Board.

We recommend the County Board implement procedures to ensure the proper value of using a County vehicle for commuting is included with the employee’s wages as a taxable fringe benefit.

Payment of Sales Tax

During testing, the APA noted that the County paid sales tax, totaling \$82, on eight purchases, as shown below:

Date	Office	Method of Payment	Vendor	Amount of Sales Tax Paid
8/4/2022	Transit	Credit Card	Office Max	\$ 8
12/22/2022	Transit	Credit Card	Amazon	5
1/5/2023	Clerk	Petty Cash	Nebraska Coffee	4
2/23/2023	Buildings & Grounds	Credit Card	Webstaurant Store	18
2/23/2023	Sheriff	Credit Card	Ace Hardware	4
2/23/2023	Sheriff	Credit Card	Walmart	5
2/23/2023	Sheriff	Credit Card	Galls	15
2/23/2023	Sheriff	Credit Card	Galls	23
Total				\$ 82

According to Neb. Rev. Stat. § 77-2704.15(1)(a) (Supp. 2023), purchases made by the State or its political subdivisions are exempt from sales tax, as follows:

Sales and use taxes shall not be imposed on the gross receipts from the sale, lease, or rental of and the storage, use, or other consumption in this state of purchases by the state, including public educational institutions recognized or established under the provisions of Chapter 85, or by any county . . .

Good internal controls require procedures to ensure that County funds are not expended for the payment of Nebraska sales tax.

Without such procedures, there an increased risk of not only noncompliance with State statute but also loss, misuse, or theft of public funds.

We recommend the County Board implement procedures to ensure County funds are not expended for the payment of Nebraska sales tax.

COUNTY CLERK OF THE DISTRICT COURT

Fines Remitted to County General Fund

During the fiscal year ending June 30, 2023, we noted that the County Clerk of the District Court remitted fines, totaling \$226, to the County General Fund, instead of to the Fines and Licenses Fund. Because these fines were remitted to the incorrect fund, the fines were not subsequently remitted to the various County School Funds, as required by State statute.

Neb. Rev. Stat. § 29-2708 (Reissue 2016) says, in relevant part, the following:

All money arising from fines and recognizances shall be credited by the county treasurer to the county school fund except as provided by Article VII, section 5, Constitution of Nebraska . . .

Good internal controls require procedures to ensure that fines are remitted to the Fines and Licenses Fund, for subsequent remittance to the County School Funds. Those same procedures should ensure also that errors are identified and corrected in a timely manner.

Without such procedures, there is an increased risk of not only fines being remitted to the wrong fund, preventing them from being subsequently remitted to the proper County School Funds, but also noncompliance with State statute.

We recommend that the Clerk of the District Court implement procedures to ensure that fines are remitted to the Fines and Licenses Fund, for subsequent remittance to the County School Funds.

COUNTY SHERIFF

Office Procedures

During the audit, the Auditor of Public Accounts (APA) noted the following issues with the County Sheriff's financial balancing, recordkeeping, and general office procedures:

- As of June 30, 2023, we noted an unknown cash shortage of \$367. In other words, the County Sheriff's records indicated that he lacked sufficient funds to meet all of his office's financial obligations.

This was the result of the office not performing a monthly asset-to-liability reconciliation to ensure that office assets (reconciled bank balance, cash on hand, and accounts receivable) agree with office liabilities (authorized petty cash, unremitted fees, trust accounts). The following table provides details of how this shortage was calculated, based on available records in the County Sheriff's office:

Office Assets	
Reconciled Bank Balance	\$ 539
Accounts Receivable	409
Total Office Assets	\$ 948
Office Liabilities	
Unremitted Fees:	
Fees/Mileage	\$ 845
VIN Inspections	430
Handgun Permits	40
Total Office Liabilities	\$ 1,315
Unknown Shortage	\$ (367)

- Likely contributing to this shortage was the County Sheriff's failure to maintain complete and accurate accounts receivable records. The \$409 noted in the table above is the APA's best estimate based on available records in the County Sheriff's office.
- Beginning in February 2023, the County Sheriff did not maintain an accurate check register or book balance for the Fee Account, nor did he perform accurate monthly bank reconciliations. Consequently, we were forced to attempt to reconcile the bank account and recreate the check register based on the records available in the office. Specifically, we noted the following:
 - The check register did not include any deposits made to the account or a running book balance.
 - Check 3396 issued in February 2023 did not include an amount associated with it on the check register.
- Similarly, the County Sheriff also failed to maintain an accurate check register or book balance for the Petty Cash Account, nor did he perform accurate monthly bank reconciliations. Consequently, the account was overdrawn by \$7,560 in July 2023.
- Fees, totaling \$5,410, originally collected in January to May 2023, were not remitted to the County Treasurer until June 2023.
- Receipts, totaling \$15,180, were issued by the County Sheriff; however, this money was not deposited to a bank account, nor was he able to provide documentation to support that the money was remitted to the appropriate parties.

- \$124 was disbursed from the Fee Account; however, the County Sheriff could provide no documentation of this money being originally receipted by his office.
- \$460 was deposited to the Petty Cash Account; however, the County Sheriff could provide no documentation of this money being originally receipted by his office, much less an explanation of the purpose for which the money had been received.

Neb. Rev. Stat. § 23-1601(1) (Reissue 2022) provides the following:

It is the duty of the county treasurer to receive all money belonging to the county, from whatsoever source derived and by any method of payment provided by section 77-1702, and all other money which is by law directed to be paid to him or her. All money received by the county treasurer for the use of the county shall be paid out by him or her only on warrants issued by the county board according to law, except when special provision for payment of county money is otherwise made by law.

Neb. Rev. Stat. § 23-1611 (Reissue 2022) provides the following, as is relevant:

The Auditor of Public Accounts shall establish a uniform system of accounting for all county officers. The system, when established, shall be installed and used by all county officers, except that any county with a population of one hundred thousand or more inhabitants may use an accounting system that utilizes generally accepted accounting principles.

Chapter 1 of the “Accounting and Budgeting System for Nebraska Counties,” promulgated by the APA pursuant to § 23-1611, provides the following regarding balancing requirements:

BALANCING REQUIREMENTS

Each county office that collects or handles county or fiduciary funds is required to accurately account for such funds at all times. This includes all cash, bank accounts, investments, petty cash funds, or any other assets in the custody of or responsibility of the county office or department. Accurate accountability includes:

- 1. Reconciling bank records to financial records at least monthly*
- 2. Reconciling daily receipts/disbursements to general financial records at least daily for County Treasurer and monthly for other offices or departments*
- 3. Reconciling subsidiary financial records to general financial records at least monthly*
- 4. Reconciling petty cash on hand or in the bank to the authorized petty cash amount at least monthly*

Reconciling includes maintaining documentation to support any variances identified between the records.

Good internal controls and sound accounting practices require procedures to ensure the following 1) office assets (reconciled bank balance, cash on hand, and accounts receivable) agree with office liabilities (authorized petty cash, unremitted fees, and trust balance); 2) accurate historical accounts receivable records are maintained to support the accounts receivable balance at any point in time; 3) accurate check registers and book balances are maintained at all times, and book balances are reconciled to bank balances at least monthly; 4) fees are remitted timely to the County Treasurer; and 5) adequate records are maintained to support all money received and disbursed by the County Sheriff’s office.

Without such procedures, there is an increased risk for loss, theft, or misuse of public funds, as well as errors occurring and remaining undetected more easily.

We recommend the County Sheriff implement procedures to ensure the following: 1) office assets (reconciled bank balance, cash on hand, and accounts receivable) agree with office liabilities (authorized petty cash, unremitted fees, and trust balance); 2) accurate historical accounts receivable records are maintained to support the accounts receivable balance at any point in time; 3) accurate check registers and book balances are maintained at all times, and book balances are reconciled to bank balances at least monthly; 4) fees are remitted timely to the County Treasurer; and 5) adequate records are maintained to support all money received and disbursed by the County Sheriff’s office.

County Sheriff Response: In review of the audit report, it is brought to the attention of the Sheriff's Office that there was a failure to maintain complete and accurate account receivable record. The Sheriff's Office will be implementing a system to maintain complete and accurate records. A couple of the items I was unable to find where the issue was and this is due to not having a system that maintains complete and accurate records and in part due to the fact that during half of the audit year the people responsible are no longer county employees. It does appear that the check 3396 did not include an amount and this will be monitored more closely to insure that it doesn't happen again. The receipts totaling \$15,180 that was issued by the County Sheriff but the money was not deposited to a bank account is bond money that I am told was deposited to the wrong bank account. This problem has been addressed and was taken care of. The fees that were collected from January to May that were not remitted to the county Treasurer until June 2023 were remitted to the County Treasurer. It is a recommendation to remit it to the County Treasurer but not a requirement. It will be considered if the Sheriff's Office will do this on a monthly basis.

The Sheriff's Office will be having better communication in the office and will be implementing complete and accurate records.

Distress Warrant Report

During our audit, we noted that the County Sheriff's distress warrant report was not filed with the County Board by August 1, 2022. This report was filed only with the County Treasurer on July 29, 2022.

Neb. Rev. Stat. § 77-1719.01 (Reissue 2018) states, "On or before August 1 of each year, the sheriff shall report to the county board showing the total amount collected on current distress warrants and the amount remaining uncollected."

Good internal controls require procedures to ensure that the County Sheriff submits his distress warrant report to the County Board by August 1st annually, in compliance with State law.

Without such procedures, there is an increased risk of not only loss, theft, or misuse of public funds but also noncompliance with State statute.

We recommend the implementation of procedures to ensure that the County Sheriff provides the distress warrant report to the County Board by August 1st annually.

County Sheriff's Response: The Sheriff's Office will provide the distress warrant report to the County Board by August 1st annually. This has not been done in the past, but the State Statute is clear on this. The Sheriff's Office will make changes to comply with the State Statute. This report was reported to the County Board but was reported by the County Treasurer.

VISITOR CENTER

Office Procedures

We noted the following during our review of the County's Visitor Center:

- Monthly bank reconciliations were not performed, nor did the Visitor Center maintain an accurate check register, resulting in the APA being unable to rely on the book balance provided by the Visitor Center as of June 30, 2023.
- The Visitor Center does not perform monthly asset-to-liability reconciliations, resulting in an unknown long in the bank account of \$30.
- The Visitor Center incurred petty cash expenses, totaling \$17, in July and August 2022. As of June 30, 2023, a claim for reimbursement had not been submitted to the County Board.

- The Visitor Center did not maintain adequate records to support the daily amount of cash on hand at the Visitor Center. Based on available records, we estimated that cash on hand was \$679 at June 30, 2023; however, this could not be verified due to the lack of documentation.

Neb. Rev. Stat. § 23-135(1) (Reissue 2022) states the following, in relevant part:

All claims against a county shall be filed with the county clerk within ninety days from the time when any materials or labor, which form the basis of the claims, have been furnished or performed . . .

Neb. Rev. Stat. § 23-106(2) (Reissue 2022) provides the following:

The county board shall have the authority to establish a petty cash fund for such county for the purpose of making payments for subsidiary general operational expenditures and purchases. Such county board shall set, by resolution of the board, the amount of money to be carried in such petty cash fund and the dollar limit of an expenditure from such fund and such amount shall be stated in the fiscal policy of the county board budget message.

Good internal controls and sound accounting practices require procedures to ensure: 1) adequate reconciliation and balancing methods are utilized, including procedures to ensure office assets (cash on hand, reconciled bank balance, accounts receivable, etc.) agree with office liabilities (fee and trust accounts) on, at least, a monthly basis; 2) any variances noted during the reconciliation and balancing processes are identified and resolved promptly; and 3) claims are submitted timely for reimbursement and are supported by proper documentation.

A lack of such procedures increases the risk of loss, theft, or misuse of County funds and allows errors to go undetected more easily.

A similar finding was noted in the prior audit.

We recommend the County's Visitor Center implement monthly fund-balancing procedures to ensure the performance of regular bank, asset-to-liability, and petty cash reconciliations. Additionally, any variances identified during those reconciliations should be resolved timely. We further recommend the timely submission of all petty cash claims to the County Board for reimbursement.

COUNTY OVERALL

Segregation of Duties

We noted that the offices of the County each lacked a segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. A lack of segregation of duties increases the risk of possible errors or irregularities; however, due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost.

Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. A system of internal control should include a proper segregation of duties, so no one individual is capable of handling all phases of a transaction from beginning to end.

This was also noted in prior audits.

We recommend the County review this situation. As always, the County must weigh the cost of hiring additional personnel versus the benefit of a proper segregation of duties.

County's Response: The County has discussed the finding but must consider the cost of adequate segregation of duties when determining the use of tax money.

* * * * *

It should be noted this report is critical in nature, as it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any strong features of the County.

Draft copies of this report were furnished to the County to provide management with an opportunity to review the report and to respond to the comments and recommendations included in this report. All formal responses received have been incorporated into this report. Where no response has been included, the County declined to respond. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next audit.

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Schreier". The signature is stylized with a large, looped "J" and a cursive "Schreier".

Jeff Schreier, CPA
Audit Manager