

**AUDIT REPORT
OF
ROCK COUNTY**

JULY 1, 2022, THROUGH JUNE 30, 2023

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the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original
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Issued on April 30, 2024

ROCK COUNTY

TABLE OF CONTENTS

	<u>Page</u>
List of County Officials	1
Financial Section	
Independent Auditor's Report	2 - 4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position - Cash Basis	5
Statement of Activities - Cash Basis	6
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds	7
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Governmental Funds	8
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Fiduciary Funds	9
Notes to Financial Statements	10 - 18
Combining Statements and Schedules:	
Budgetary Comparison Schedule - Budget and Actual - General Fund	19 - 20
Budgetary Comparison Schedule - Budget and Actual - Major Funds	21
Budgetary Comparison Schedule - Budget and Actual - Nonmajor Funds	22 - 25
Combining Statement of Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Nonmajor Funds	26 - 29
Schedule of Office Activities	30
Schedule of Taxes Certified and Collected for All Political Subdivisions in the County	31
Government Auditing Standards Section	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	32 - 33

ROCK COUNTY
400 S. State St.
Bassett, NE 68714

LIST OF COUNTY OFFICIALS
At June 30, 2023

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	Wade Hollenbeck	Jan. 2025
	Colby Sybrant	Jan. 2027
	Faye Smith	Jan. 2027
Assessor Planning & Zoning	TJ Ellermeier	Jan. 2027
Attorney	Kurt Arganbright	Jan. 2027
Clerk Election Commissioner Register of Deeds Clerk of the District Court	Daunitta Buoy	Jan. 2027
Sheriff	Benjamin Shelbourn	Jan. 2027
Treasurer	Mona Davis	Jan. 2027
Veterans' Service Officer	Jake Graff	Appointed
Weed Superintendent	Mitch Dean	Appointed
Highway Superintendent Surveyor	Lloyd Smith	Appointed
Emergency Manager	Traci Booth	Appointed



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State Auditor

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ROCK COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Rock 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 Rock 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
Discretely Presented Component Unit	Adverse
Major Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Adverse Opinion on Discretely Presented Component Unit

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 discretely presented component unit of Rock 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 Rock 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 Discretely Presented Component Unit

The financial statements do not include financial data for the County’s legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for that component unit 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, 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 April 16, 2024, on our consideration of Rock 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 Rock County’s internal control over financial reporting and compliance.

April 16, 2024



Jeff Schreier, CPA
Audit Manager
Lincoln, Nebraska

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

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 2,464,576
Investments (Note 1.D)	2,524,806
TOTAL ASSETS	\$ 4,989,382
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 22,424
911 Emergency Services	668,067
Drug Education / Enforcement	937
Federal Relief	170,996
Preservation of Records	5,834
Debt Service	313,439
Road / Bridge Maintenance	388,531
County Library	40,856
County Hospital	908
Unrestricted	3,377,390
TOTAL NET POSITION	\$ 4,989,382

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

ROCK 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	\$ (1,038,340)	\$ 107,842	\$ -	\$ (930,498)
Public Safety	(685,029)	49,513	-	(635,516)
Public Works	(1,358,830)	10,003	1,775,231	426,404
Health and Sanitation	(309,639)	-	-	(309,639)
Public Assistance	(61,438)	-	-	(61,438)
Culture and Recreation	(165,154)	-	972	(164,182)
Debt Payments	(922,951)	-	-	(922,951)
Capital Outlay	(27,999)	-	-	(27,999)
Total Governmental Activities	<u>\$ (4,569,380)</u>	<u>\$ 167,358</u>	<u>\$ 1,776,203</u>	<u>(2,625,819)</u>

General Receipts:

Taxes:	
Property	2,772,776
Motor Vehicle	93,563
Inheritance	136,416
Other	71,398
Grants and Contributions Not Restricted to Specific Programs	
Investment Income	60,411
Miscellaneous	12,144
Total General Receipts	<u>3,373,762</u>
Change in Net Position	747,943
Net Position - Beginning of year	4,241,439
Net Position - End of year	<u>\$ 4,989,382</u>

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

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

	General Fund	Road Fund	Inheritance Fund	BKR Bridge Fund	Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents (Note 1.D)	\$ 336,614	\$ 548,936	\$ 465,394	\$ 296,379	\$ 817,253	\$ 2,464,576
Investments (Note 1.D)	344,840	562,351	476,768	303,621	837,226	2,524,806
TOTAL ASSETS	<u>\$ 681,454</u>	<u>\$ 1,111,287</u>	<u>\$ 942,162</u>	<u>\$ 600,000</u>	<u>\$ 1,654,479</u>	<u>\$ 4,989,382</u>
FUND BALANCES						
Restricted for:						
Visitor Promotion	-	-	-	-	22,424	22,424
911 Emergency Services	-	-	-	-	668,067	668,067
Drug Education / Enforcement	-	-	-	-	937	937
Federal Relief	-	-	-	-	170,996	170,996
Preservation of Records	-	-	-	-	5,834	5,834
Debt Service	-	-	-	-	313,439	313,439
Road / Bridge Maintenance	-	-	-	-	388,531	388,531
County Library	-	-	-	-	40,856	40,856
County Hospital	-	-	-	-	908	908
Committed to:						
Road / Bridge Maintenance	-	1,111,287	-	600,000	-	1,711,287
Aid and Assistance	-	-	-	-	23,620	23,620
Miscellaneous Projects	-	-	-	-	18,867	18,867
Assigned to:						
Other Purposes	-	-	942,162	-	-	942,162
Unassigned	681,454	-	-	-	-	681,454
TOTAL CASH BASIS FUND BALANCES	<u>\$ 681,454</u>	<u>\$ 1,111,287</u>	<u>\$ 942,162</u>	<u>\$ 600,000</u>	<u>\$ 1,654,479</u>	<u>\$ 4,989,382</u>

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

ROCK 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	BKR Bridge Fund	Nonmajor Funds	Total Governmental Funds
RECEIPTS						
Taxes:						
Property	\$ 1,962,873	\$ -	\$ -	\$ -	\$ 809,903	\$ 2,772,776
Motor Vehicle	93,563	-	-	-	-	93,563
Inheritance	-	-	136,416	-	-	136,416
Other	16,163	-	-	-	55,235	71,398
Investment Income	60,107	-	-	-	304	60,411
Intergovernmental	54,181	1,666,567	-	-	282,509	2,003,257
Charges for Services	155,995	10,003	-	-	1,360	167,358
Miscellaneous	6,877	3,176	-	-	2,091	12,144
TOTAL RECEIPTS	<u>2,349,759</u>	<u>1,679,746</u>	<u>136,416</u>	<u>-</u>	<u>1,151,402</u>	<u>5,317,323</u>
DISBURSEMENTS						
General Government	960,133	-	1,250	-	76,957	1,038,340
Public Safety	537,611	-	59,380	-	88,038	685,029
Public Works	31,580	1,286,928	-	-	40,322	1,358,830
Health and Sanitation	-	-	-	-	309,639	309,639
Public Assistance	50,998	-	-	-	10,440	61,438
Culture and Recreation	5,000	-	-	-	160,154	165,154
Debt Service:						
Principal Payments	-	520,000	-	-	384,010	904,010
Interest and Fiscal Charges	-	1,461	-	-	17,480	18,941
Capital Outlay	-	-	-	-	27,999	27,999
TOTAL DISBURSEMENTS	<u>1,585,322</u>	<u>1,808,389</u>	<u>60,630</u>	<u>-</u>	<u>1,115,039</u>	<u>4,569,380</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>764,437</u>	<u>(128,643)</u>	<u>75,786</u>	<u>-</u>	<u>36,363</u>	<u>747,943</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	625,210	28,010	200,000	49,615	902,835
Transfers out	(874,825)	-	-	-	(28,010)	(902,835)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(874,825)</u>	<u>625,210</u>	<u>28,010</u>	<u>200,000</u>	<u>21,605</u>	<u>-</u>
Net Change in Fund Balances	(110,388)	496,567	103,796	200,000	57,968	747,943
CASH BASIS FUND BALANCES - BEGINNING						
	<u>791,842</u>	<u>614,720</u>	<u>838,366</u>	<u>400,000</u>	<u>1,596,511</u>	<u>4,241,439</u>
CASH BASIS FUND BALANCES - ENDING						
	<u>\$ 681,454</u>	<u>\$ 1,111,287</u>	<u>\$ 942,162</u>	<u>\$ 600,000</u>	<u>\$ 1,654,479</u>	<u>\$ 4,989,382</u>

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

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

	<u>Custodial Fund Balances July 1, 2022</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Custodial Fund Balances June 30, 2023</u>
ASSETS				
Cash and Cash Equivalents	\$ 143,509	\$ 6,009,723	\$ 5,969,355	\$ 183,877
LIABILITIES				
Due to other governments				
State - Collected by County Treasurer	43,768	578,584	557,529	64,823
State - Collected by Other Offices	3,750	72,935	73,090	3,595
Schools	49,133	3,913,222	3,933,687	28,668
Educational Service Units	749	89,976	90,452	273
Technical College	5,417	610,598	614,209	1,806
Natural Resource Districts	1,340	147,644	148,627	357
Fire Districts	23,791	135,634	134,520	24,905
Municipalities	4,403	213,101	213,320	4,184
Agricultural Society	268	29,768	29,948	88
Airport Authority	7,423	7,816	7,422	7,817
Others - Collected by County Treasurer	3,318	87,175	43,990	46,503
Others - Collected by Other Offices	149	123,270	122,561	858
TOTAL LIABILITIES	<u>143,509</u>	<u>6,009,723</u>	<u>5,969,355</u>	<u>183,877</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.

ROCK 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 Rock County.

A. Reporting Entity

Rock 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 Unit. These financial statements present the County (the primary government). The Rock County Hospital (Hospital) is a component unit of the County because of the significance of its operational and financial relationships with the County. The financial statements do not include the data of the Hospital necessary for reporting in conformity with generally accepted accounting principles (GAAP). Complete financial statements of the Hospital can be obtained from the Hospital's administrative office.

Joint Organization.

Behavioral Health Region IV – 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 IV (Region) consists of the following counties: Cherry, Keya Paha, Boyd, Brown, Rock, Holt, Knox, Cedar, Dixon, Dakota, Thurston, Wayne, Pierce, Antelope, Boone, Nance, Madison, Stanton, Cuming, Burt, Colfax, and Platte.

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 \$8,530 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 North Central District 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).

ROCK 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. 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.

The County reports the following major governmental funds:

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

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.

BKR Bridge Fund. This fund is used to set aside funds for future bridge projects and is primarily funded by transfers from the General Fund.

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.

Capital Project Funds. The County Library Capital Projects Fund, Other Capital Projects Fund and Emergency Management Capital Projects Fund account for all resources received and used for the acquisition or development of major capital improvements.

Debt Service Fund. The Road Bond Fund and the Hospital 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.

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.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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.

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 \$1,611,992 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.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 \$2,464,576 for County funds and \$183,877 for Fiduciary funds. The bank balances for all funds totaled \$3,007,662. 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.

The County's carrying value of investments is stated at cost, which approximates market. Investments consisted of \$979,302 in U.S. Government Securities and of \$1,545,504 deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a nine-member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income that has accrued to each participant is converted as of the close of business of each calendar month into additional units, which thereafter are held in each participant's trust account. Since net income of the fund is allocated among participants each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name. The U.S. Government Securities were held by the County or its agent in the name of the County.

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.

ROCK 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 \$.421134/\$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 \$.413745/\$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, 36 employees contributed \$54,834, and the County contributed \$81,440. Contributions included \$1,623 in cash contributions towards the supplemental law enforcement plan for seven law enforcement employees. Lastly, the County paid \$2,568 directly to three retired employees for prior service benefits.

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.

ROCK 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	Nonmajor Funds	
BKR Bridge Fund	\$ 200,000	\$ -	\$ 200,000
Road Fund	625,210	-	625,210
Inheritance Fund	-	28,010	28,010
Nonmajor Funds	49,615	-	49,615
Total	<u>\$ 874,825</u>	<u>\$ 28,010</u>	<u>\$ 902,835</u>

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

7. **Long-Term Obligations**

Lease-Purchase Agreements

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

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

	CAT Motor Graders
Balance July 1, 2022	\$ 177,366
Purchases	-
Payments	84,859
Balance June 30, 2023	<u>\$ 92,507</u>
Future Payments:	
Year	
2024	\$ 62,909
2025	31,454
Total Payments	<u>94,363</u>
Less Interest	<u>1,856</u>
Present Value of Future Minimum Lease Payments	<u>\$ 92,507</u>
Carrying Value of the Related Fixed Asset	<u>\$ 505,204</u>

Bonds

Road Bonds, Series 2019. These bonds were paid off in full during the fiscal year.

General Obligation Hospital Refunding Bonds. The County issued bonds on August 1, 2011, for the purpose of paying the costs of renovations to the Rock County Hospital. The County refinanced these bonds on April 20, 2016, and again May 12, 2021. The bond payable balance, as of June 30, 2023, was \$395,000. 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. Future tax resources will be used to pay off the debt.

Future Payments:			
Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 130,000	\$ 2,375	\$ 132,375
2025	130,000	1,725	131,725
2026	135,000	945	135,945
Total Payments	<u>\$ 395,000</u>	<u>5,045</u>	<u>\$ 400,045</u>

Courthouse Improvement Debt. The County issued debt on September 5, 2019 for the purpose of paying the costs of remodeling and improving the County courthouse building. The payable balance, as of June 30, 2023, was \$192,435. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of this debt. Future tax resources will be used to pay off the debt.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

7. Long-Term Obligations (Concluded)

Future Payments:			
Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 19,319	\$ 4,691	\$ 24,010
2025	19,805	4,205	24,010
2026	20,303	3,707	24,010
2027	20,814	3,196	24,010
2028	21,338	2,672	24,010
2029-2032	90,856	5,185	96,041
Total Payments	<u>\$ 192,435</u>	<u>\$ 23,656</u>	<u>\$ 216,091</u>

Road Bonds, Series 2020. The County issued bonds on September 4, 2020, in the amount of \$735,000 for the purpose of paying a portion of the costs of constructing and reconstructing certain road improvements, including road surfaces, subgrades, bridges, and other components related to the extreme flooding experienced in the County during March 2019. The bond payable balance, as of June 30, 2023, was \$525,000. 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. Future tax resources will be used to pay off the bonds.

Future Payments:			
Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 105,000	\$ 3,990	\$ 108,990
2025	105,000	3,229	108,229
2026	105,000	2,415	107,415
2027	105,000	1,523	106,523
2028	105,000	525	105,525
Total Payments	<u>\$ 525,000</u>	<u>\$ 11,682</u>	<u>\$ 536,682</u>

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.

9. Rock County Public Library Foundation

The Rock County Public Library Foundation (Foundation) is a non-profit organization incorporated in June 1993. The Foundation collects donations and purchases equipment and other items for the Rock County Library. As of June 30, 2023, the Foundation was holding \$53,119 in its bank accounts for the benefit of the Rock County Library.

ROCK 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	\$ 2,125,839	\$ 2,125,839	\$ 2,072,599	\$ (53,240)
Investment Income	10,000	10,000	60,107	50,107
Intergovernmental	2,500	2,500	54,181	51,681
Charges for Services	149,140	149,140	155,995	6,855
Miscellaneous	5,500	5,500	6,877	1,377
TOTAL RECEIPTS	<u>2,292,979</u>	<u>2,292,979</u>	<u>2,349,759</u>	<u>56,780</u>
DISBURSEMENTS				
General Government:				
County Board	59,076	59,076	56,845	2,231
County Clerk	114,740	114,740	110,396	4,344
County Treasurer	113,365	113,365	110,577	2,788
County Assessor	123,265	123,265	99,435	23,830
Election Commissioner	15,950	15,950	15,329	621
Building and Zoning	1,000	1,000	333	667
Judicial	60,960	60,960	1,958	59,002
County Court System	2,850	2,850	2,617	233
Building and Grounds	71,850	71,850	53,460	18,390
Agricultural Extension Agent	29,172	29,172	27,060	2,112
Employment Security	10,000	10,000	-	10,000
County Appraiser	20,000	20,000	1,600	18,400
Miscellaneous	600,603	600,603	480,523	120,080
Public Safety				
County Sheriff	466,668	466,668	465,195	1,473
County Attorney	68,206	68,206	60,000	8,206
County Jail	21,800	21,800	1,773	20,027
Ambulance	9,600	9,600	8,864	736
Emergency Management	43,100	43,100	1,779	41,321
Public Works				
County Surveyor	4,000	4,000	-	4,000
Noxious Weed Control	42,791	42,791	31,580	11,211
Noxious Weed Chemical	22,000	22,000	-	22,000
Public Assistance				
Relief	6,000	6,000	-	6,000
Veterans' Service Officer	40,600	40,600	28,103	12,497
Institutions	4,000	4,000	-	4,000
Senior Center	23,400	23,400	22,895	505
Culture and Recreation				
Historical Society	5,000	5,000	5,000	-
TOTAL DISBURSEMENTS	<u>1,979,996</u>	<u>1,979,996</u>	<u>1,585,322</u>	<u>394,674</u>

(Continued)

ROCK 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)
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	312,983	312,983	764,437	451,454
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(874,825)	(874,825)	(874,825)	-
TOTAL OTHER FINANCING SOURCES (USES)	(874,825)	(874,825)	(874,825)	-
Net Change in Fund Balance	(561,842)	(561,842)	(110,388)	451,454
FUND BALANCE - BEGINNING	791,842	791,842	791,842	-
FUND BALANCE - ENDING	<u>\$ 230,000</u>	<u>\$ 230,000</u>	<u>\$ 681,454</u>	<u>\$ 451,454</u>

(Concluded)

ROCK 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	\$ 1,079,545	\$ 1,079,545	\$ 1,666,567	\$ 587,022
Charges for Services	8,900	8,900	10,003	1,103
Miscellaneous	2,000	2,000	3,176	1,176
TOTAL RECEIPTS	1,090,445	1,090,445	1,679,746	589,301
DISBURSEMENTS	1,507,220	1,507,220	1,808,389	(301,169)
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(416,775)	(416,775)	(128,643)	288,132
OTHER FINANCING SOURCES (USES)				
Transfers in	625,210	625,210	625,210	-
Transfers out	(523,155)	(523,155)	-	523,155
TOTAL OTHER FINANCING SOURCES (USES)	102,055	102,055	625,210	523,155
Net Change in Fund Balance	(314,720)	(314,720)	496,567	811,287
FUND BALANCE - BEGINNING	614,720	614,720	614,720	-
FUND BALANCE - ENDING	\$ 300,000	\$ 300,000	\$ 1,111,287	\$ 811,287
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ -	\$ -	\$ 136,416	\$ 136,416
TOTAL RECEIPTS	-	-	136,416	136,416
DISBURSEMENTS	889,878	889,878	60,630	829,248
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(889,878)	(889,878)	75,786	965,664
OTHER FINANCING SOURCES (USES)				
Transfers in	51,512	51,512	28,010	(23,502)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	51,512	51,512	28,010	(23,502)
Net Change in Fund Balance	(838,366)	(838,366)	103,796	942,162
FUND BALANCE - BEGINNING	838,366	838,366	838,366	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 942,162	\$ 942,162
BKR BRIDGE FUND				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	1,100,000	1,100,000	-	1,100,000
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,100,000)	(1,100,000)	-	1,100,000
OTHER FINANCING SOURCES (USES)				
Transfers in	700,000	700,000	200,000	(500,000)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	700,000	700,000	200,000	(500,000)
Net Change in Fund Balance	(400,000)	(400,000)	200,000	600,000
FUND BALANCE - BEGINNING	400,000	400,000	400,000	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 600,000	\$ 600,000

ROCK 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)
HIGHWAY BUYBACK FUND				
Receipts	\$ 103,201	\$ 103,201	\$ 108,664	\$ 5,463
Disbursements	(383,068)	(383,068)	-	383,068
Net Change in Fund Balance	(279,867)	(279,867)	108,664	388,531
Fund Balance - Beginning	279,867	279,867	279,867	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 388,531</u>	<u>\$ 388,531</u>
VISITOR PROMOTION FUND				
Receipts	\$ 2,000	\$ 2,000	\$ 2,723	\$ 723
Disbursements	(10,924)	(10,924)	-	10,924
Net Change in Fund Balance	(8,924)	(8,924)	2,723	11,647
Fund Balance - Beginning	8,924	8,924	8,924	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,647</u>	<u>\$ 11,647</u>
VISITOR IMPROVEMENT FUND				
Receipts	\$ 2,000	\$ 2,000	\$ 2,723	\$ 723
Disbursements	(10,054)	(10,054)	-	10,054
Net Change in Fund Balance	(8,054)	(8,054)	2,723	10,777
Fund Balance - Beginning	8,054	8,054	8,054	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,777</u>	<u>\$ 10,777</u>
REGISTER OF DEEDS PRESERVATION & MODERNIZATION FUND				
Receipts	\$ 1,500	\$ 1,500	\$ 1,360	\$ (140)
Disbursements	(9,565)	(9,565)	(3,591)	5,974
Net Change in Fund Balance	(8,065)	(8,065)	(2,231)	5,834
Fund Balance - Beginning	8,065	8,065	8,065	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,834</u>	<u>\$ 5,834</u>
VETERANS' AID FUND				
Receipts	\$ 300	\$ 300	\$ 304	\$ 4
Disbursements	(34,056)	(34,056)	(10,440)	23,616
Net Change in Fund Balance	(33,756)	(33,756)	(10,136)	23,620
Fund Balance - Beginning	33,756	33,756	33,756	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,620</u>	<u>\$ 23,620</u>

(Continued)

ROCK 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)
COUNTY LIBRARY FUND				
Receipts	\$ 192,428	\$ 192,428	\$ 157,383	\$ (35,045)
Disbursements	(215,151)	(215,151)	(160,154)	54,997
Net Change in Fund Balance	(22,723)	(22,723)	(2,771)	19,952
Fund Balance - Beginning	37,723	37,723	37,723	-
Fund Balance - Ending	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 34,952</u>	<u>\$ 19,952</u>

**COUNTY LIBRARY CAPITAL PROJECTS
FUND**

Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(33,903)	(33,903)	(27,999)	5,904
Net Change in Fund Balance	(33,903)	(33,903)	(27,999)	5,904
Fund Balance - Beginning	33,903	33,903	33,903	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,904</u>	<u>\$ 5,904</u>

**EMERGENCY MANAGEMENT HAZARD
MITIGATION FUND**

Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(32,443)	(32,443)	-	32,443
Net Change in Fund Balance	(32,443)	(32,443)	-	32,443
Fund Balance - Beginning	32,443	32,443	32,443	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,443</u>	<u>\$ 32,443</u>

911 EMERGENCY MANAGEMENT FUND

Receipts	\$ 5,000	\$ 5,000	\$ 5,589	\$ 589
Disbursements	(43,260)	(43,260)	(5,716)	37,544
Net Change in Fund Balance	(38,260)	(38,260)	(127)	38,133
Fund Balance - Beginning	38,260	38,260	38,260	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,133</u>	<u>\$ 38,133</u>

911 WIRELESS SERVICE FUND

Receipts	\$ 40,000	\$ 40,000	\$ 40,226	\$ 226
Disbursements	(90,137)	(90,137)	(30,000)	60,137
Net Change in Fund Balance	(50,137)	(50,137)	10,226	60,363
Fund Balance - Beginning	50,137	50,137	50,137	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,363</u>	<u>\$ 60,363</u>

(Continued)

ROCK 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)
911 WIRELESS HOLDING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(71,964)	(71,964)	-	71,964
Net Change in Fund Balance	(71,964)	(71,964)	-	71,964
Fund Balance - Beginning	71,964	71,964	71,964	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,964</u>	<u>\$ 71,964</u>
EMERGENCY MANAGEMENT CAPITAL PROJECTS FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(59)	(59)	(59)	-
Net Change in Fund Balance	(59)	(59)	(59)	-
Fund Balance - Beginning	59	59	59	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
ROAD BOND FUND				
Receipts	\$ 158,872	\$ 158,872	\$ 199,231	\$ 40,359
Disbursements	(244,585)	(244,585)	(244,585)	-
Net Change in Fund Balance	(85,713)	(85,713)	(45,354)	40,359
Fund Balance - Beginning	305,713	305,713	305,713	-
Fund Balance - Ending	<u>\$ 220,000</u>	<u>\$ 220,000</u>	<u>\$ 260,359</u>	<u>\$ 40,359</u>
OTHER CAPITAL PROJECTS FUND				
Receipts	\$ 78,000	\$ 78,000	\$ 86	\$ (77,914)
Disbursements	(183,810)	(183,810)	(97,376)	86,434
Transfers in	49,615	49,615	49,615	-
Transfers out	(28,357)	(28,357)	(28,010)	347
Net Change in Fund Balance	(84,552)	(84,552)	(75,685)	8,867
Fund Balance - Beginning	94,552	94,552	94,552	-
Fund Balance - Ending	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 18,867</u>	<u>\$ 8,867</u>
HOSPITAL MAINTENANCE FUND				
Receipts	\$ 307,160	\$ 307,160	\$ 307,851	\$ 691
Disbursements	(309,856)	(309,856)	(309,639)	217
Net Change in Fund Balance	(2,696)	(2,696)	(1,788)	908
Fund Balance - Beginning	2,696	2,696	2,696	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 908</u>	<u>\$ 908</u>

ROCK 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)
HOSPITAL BOND FUND				
Receipts	\$ 122,913	\$ 122,913	\$ 125,913	\$ 3,000
Disbursements	(132,975)	(132,975)	(132,895)	80
Net Change in Fund Balance	(10,062)	(10,062)	(6,982)	3,080
Fund Balance - Beginning	60,062	60,062	60,062	-
Fund Balance - Ending	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 53,080</u>	<u>\$ 3,080</u>
AMBULANCE REPLACEMENT FUND				
Receipts	\$ 66,729	\$ 66,729	\$ 66,622	\$ (107)
Disbursements	(465,271)	(465,271)	-	465,271
Net Change in Fund Balance	(398,542)	(398,542)	66,622	465,164
Fund Balance - Beginning	398,542	398,542	398,542	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 465,164</u>	<u>\$ 465,164</u>
COVID AMERICAN RESCUE PLAN FUND				
Receipts	\$ 131,391	\$ 131,391	\$ 131,790	\$ 399
Disbursements	(263,182)	(263,182)	(92,585)	170,597
Net Change in Fund Balance	(131,791)	(131,791)	39,205	170,996
Fund Balance - Beginning	131,791	131,791	131,791	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170,996</u>	<u>\$ 170,996</u>
OPIOID RECOVERY FUND				
Receipts	\$ -	\$ -	\$ 937	\$ 937
Disbursements	-	-	-	-
Net Change in Fund Balance	-	-	937	937
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 937</u>	<u>\$ 937</u>

(Concluded)

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

For the Year Ended June 30, 2023

	Highway Buyback Fund	Visitor Promotion Fund	Visitor Improvement Fund	Register of Deeds Preservation & Modernization Fund	Veterans' Aid Fund
RECEIPTS					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	2,723	2,723	-	-
Investment Income	-	-	-	-	304
Intergovernmental	108,664	-	-	-	-
Charges for Services	-	-	-	1,360	-
Miscellaneous	-	-	-	-	-
TOTAL RECEIPTS	<u>108,664</u>	<u>2,723</u>	<u>2,723</u>	<u>1,360</u>	<u>304</u>
DISBURSEMENTS					
General Government	-	-	-	3,591	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Health and Sanitation	-	-	-	-	-
Public Assistance	-	-	-	-	10,440
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Outlay	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,591</u>	<u>10,440</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>108,664</u>	<u>2,723</u>	<u>2,723</u>	<u>(2,231)</u>	<u>(10,136)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Proceeds from Sale of Bonds	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	108,664	2,723	2,723	(2,231)	(10,136)
FUND BALANCES - BEGINNING	<u>279,867</u>	<u>8,924</u>	<u>8,054</u>	<u>8,065</u>	<u>33,756</u>
FUND BALANCES - ENDING	<u>\$ 388,531</u>	<u>\$ 11,647</u>	<u>\$ 10,777</u>	<u>\$ 5,834</u>	<u>\$ 23,620</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	11,647	10,777	-	-
911 Emergency Services	-	-	-	-	-
Drug Education / Enforcement	-	-	-	-	-
Federal Relief	-	-	-	-	-
Preservation of Records	-	-	-	5,834	-
Debt Service	-	-	-	-	-
Road / Bridge Maintenance	388,531	-	-	-	-
County Library	-	-	-	-	-
County Hospital	-	-	-	-	-
Committed to:					
Aid and Assistance	-	-	-	-	23,620
Miscellaneous Projects	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 388,531</u>	<u>\$ 11,647</u>	<u>\$ 10,777</u>	<u>\$ 5,834</u>	<u>\$ 23,620</u>

(Continued)

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

For the Year Ended June 30, 2023

	County Library Fund	County Library Capital Projects Fund	Emergency Management Hazard Mitigation Fund	911 Emergency Management Fund	911 Wireless Service Fund
RECEIPTS					
Taxes:					
Property	\$ 114,508	\$ -	\$ -	\$ -	\$ -
Other	597	-	-	5,589	40,226
Investment Income	-	-	-	-	-
Intergovernmental	41,124	-	-	-	-
Charges for Services	-	-	-	-	-
Miscellaneous	1,154	-	-	-	-
TOTAL RECEIPTS	<u>157,383</u>	<u>-</u>	<u>-</u>	<u>5,589</u>	<u>40,226</u>
DISBURSEMENTS					
General Government	-	-	-	-	-
Public Safety	-	-	-	5,716	30,000
Public Works	-	-	-	-	-
Health and Sanitation	-	-	-	-	-
Public Assistance	-	-	-	-	-
Culture and Recreation	160,154	-	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Outlay	-	27,999	-	-	-
TOTAL DISBURSEMENTS	<u>160,154</u>	<u>27,999</u>	<u>-</u>	<u>5,716</u>	<u>30,000</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(2,771)</u>	<u>(27,999)</u>	<u>-</u>	<u>(127)</u>	<u>10,226</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Proceeds from Sale of Bonds	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(2,771)	(27,999)	-	(127)	10,226
FUND BALANCES - BEGINNING	<u>37,723</u>	<u>33,903</u>	<u>32,443</u>	<u>38,260</u>	<u>50,137</u>
FUND BALANCES - ENDING	<u>\$ 34,952</u>	<u>\$ 5,904</u>	<u>\$ 32,443</u>	<u>\$ 38,133</u>	<u>\$ 60,363</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	-	-	32,443	38,133	60,363
Drug Education / Enforcement	-	-	-	-	-
Federal Relief	-	-	-	-	-
Preservation of Records	-	-	-	-	-
Debt Service	-	-	-	-	-
Road / Bridge Maintenance	-	-	-	-	-
County Library	34,952	5,904	-	-	-
County Hospital	-	-	-	-	-
Committed to:					
Aid and Assistance	-	-	-	-	-
Miscellaneous Projects	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 34,952</u>	<u>\$ 5,904</u>	<u>\$ 32,443</u>	<u>\$ 38,133</u>	<u>\$ 60,363</u>

(Continued)

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

For the Year Ended June 30, 2023

	911 Wireless Holding Fund	Emergency Management Capital Projects Fund	Road Bond Fund	Other Capital Projects Fund	Hospital Maintenance Fund
RECEIPTS					
Taxes:					
Property	\$ -	\$ -	\$ 198,143	\$ 86	\$ 305,861
Other	-	-	819	-	1,583
Investment Income	-	-	-	-	-
Intergovernmental	-	-	269	-	407
Charges for Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
TOTAL RECEIPTS	<u>-</u>	<u>-</u>	<u>199,231</u>	<u>86</u>	<u>307,851</u>
DISBURSEMENTS					
General Government	-	-	-	73,366	-
Public Safety	-	59	-	-	-
Public Works	-	-	-	-	-
Health and Sanitation	-	-	-	-	309,639
Public Assistance	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal Payments	-	-	230,000	24,010	-
Interest and Fiscal Charges	-	-	14,585	-	-
Capital Outlay	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>59</u>	<u>244,585</u>	<u>97,376</u>	<u>309,639</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>-</u>	<u>(59)</u>	<u>(45,354)</u>	<u>(97,290)</u>	<u>(1,788)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	49,615	-
Transfers out	-	-	-	(28,010)	-
Proceeds from Sale of Bonds	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,605</u>	<u>-</u>
Net Change in Fund Balances	-	(59)	(45,354)	(75,685)	(1,788)
FUND BALANCES - BEGINNING	<u>71,964</u>	<u>59</u>	<u>305,713</u>	<u>94,552</u>	<u>2,696</u>
FUND BALANCES - ENDING	<u>\$ 71,964</u>	<u>\$ -</u>	<u>\$ 260,359</u>	<u>\$ 18,867</u>	<u>\$ 908</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	71,964	-	-	-	-
Drug Education / Enforcement	-	-	-	-	-
Federal Relief	-	-	-	-	-
Preservation of Records	-	-	-	-	-
Debt Service	-	-	260,359	-	-
Road / Bridge Maintenance	-	-	-	-	-
County Library	-	-	-	-	-
County Hospital	-	-	-	-	908
Committed to:					
Aid and Assistance	-	-	-	-	-
Miscellaneous Projects	-	-	-	18,867	-
TOTAL FUND BALANCES	<u>\$ 71,964</u>	<u>\$ -</u>	<u>\$ 260,359</u>	<u>\$ 18,867</u>	<u>\$ 908</u>

(Continued)

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

For the Year Ended June 30, 2023

	Hospital Bond Fund	Ambulance Replacement Fund	COVID American Rescue Plan Fund	Opioid Recovery Fund	Total Nonmajor Funds
RECEIPTS					
Taxes:					
Property	\$ 125,114	\$ 66,191	\$ -	\$ -	\$ 809,903
Other	632	343	-	-	55,235
Investment Income	-	-	-	-	304
Intergovernmental	167	88	131,790	-	282,509
Charges for Services	-	-	-	-	1,360
Miscellaneous	-	-	-	937	2,091
TOTAL RECEIPTS	<u>125,913</u>	<u>66,622</u>	<u>131,790</u>	<u>937</u>	<u>1,151,402</u>
DISBURSEMENTS					
General Government	-	-	-	-	76,957
Public Safety	-	-	52,263	-	88,038
Public Works	-	-	40,322	-	40,322
Health and Sanitation	-	-	-	-	309,639
Public Assistance	-	-	-	-	10,440
Culture and Recreation	-	-	-	-	160,154
Debt Service:					
Principal Payments	130,000	-	-	-	384,010
Interest and Fiscal Charges	2,895	-	-	-	17,480
Capital Outlay	-	-	-	-	27,999
TOTAL DISBURSEMENTS	<u>132,895</u>	<u>-</u>	<u>92,585</u>	<u>-</u>	<u>1,115,039</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(6,982)</u>	<u>66,622</u>	<u>39,205</u>	<u>937</u>	<u>36,363</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	49,615
Transfers out	-	-	-	-	(28,010)
Proceeds from Sale of Bonds	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,605</u>
Net Change in Fund Balances	(6,982)	66,622	39,205	937	57,968
FUND BALANCES - BEGINNING	<u>60,062</u>	<u>398,542</u>	<u>131,791</u>	<u>-</u>	<u>1,596,511</u>
FUND BALANCES - ENDING	<u>\$ 53,080</u>	<u>\$ 465,164</u>	<u>\$ 170,996</u>	<u>\$ 937</u>	<u>\$ 1,654,479</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	22,424
911 Emergency Services	-	465,164	-	-	668,067
Drug Education / Enforcement	-	-	-	937	937
Federal Relief	-	-	170,996	-	170,996
Preservation of Records	-	-	-	-	5,834
Debt Service	53,080	-	-	-	313,439
Road / Bridge Maintenance	-	-	-	-	388,531
County Library	-	-	-	-	40,856
County Hospital	-	-	-	-	908
Committed to:					
Aid and Assistance	-	-	-	-	23,620
Miscellaneous Projects	-	-	-	-	18,867
TOTAL FUND BALANCES	<u>\$ 53,080</u>	<u>\$ 465,164</u>	<u>\$ 170,996</u>	<u>\$ 937</u>	<u>\$ 1,654,479</u>

(Concluded)

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

	County Clerk	Clerk of the District Court	County Sheriff	County Library	Total
BALANCES JULY 1, 2022	\$ 5,722	\$ 234	\$ 1,000	\$ 30	\$ 6,986
RECEIPTS					
Charges for Services	34,645	1,997	4,777	757	42,176
Miscellaneous	-	-	943	30	973
State Fees	72,023	912	-	-	72,935
Other Liabilities	806	99,862	22,602	-	123,270
TOTAL RECEIPTS	<u>107,474</u>	<u>102,771</u>	<u>28,322</u>	<u>787</u>	<u>239,354</u>
DISBURSEMENTS					
Payments to County Treasurer	35,005	1,842	4,513	754	42,114
Payments to State Treasurer	72,280	810	-	-	73,090
Petty Cash & Other Payments	-	-	943	30	973
Other Liabilities	633	99,326	22,602	-	122,561
TOTAL DISBURSEMENTS	<u>107,918</u>	<u>101,978</u>	<u>28,058</u>	<u>784</u>	<u>238,738</u>
BALANCES JUNE 30, 2023	<u>\$ 5,278</u>	<u>\$ 1,027</u>	<u>\$ 1,264</u>	<u>\$ 33</u>	<u>\$ 7,602</u>
BALANCES CONSIST OF:					
Due to County Treasurer	\$ 1,647	\$ 205	\$ 264	\$ 3	\$ 2,119
Petty Cash	-	-	1,000	30	1,030
Due to State Treasurer	3,458	137	-	-	3,595
Due to Others	173	685	-	-	858
BALANCES JUNE 30, 2023	<u>\$ 5,278</u>	<u>\$ 1,027</u>	<u>\$ 1,264</u>	<u>\$ 33</u>	<u>\$ 7,602</u>

ROCK 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	\$ 5,611,455	\$ 5,873,481	\$ 6,605,670	\$ 6,529,569	\$ 6,653,230
Personal and Specials	197,420	198,937	214,714	199,197	228,211
Total	5,808,875	6,072,418	6,820,384	6,728,766	6,881,441
Corrections					
Additions	1,636	2,893	2,632	95	-
Deductions	(4,749)	(1,257)	(1,282)	(173)	-
Net Additions/ (Deductions)	(3,113)	1,636	1,350	(78)	-
Corrected Certified Tax	5,805,762	6,074,054	6,821,734	6,728,688	6,881,441
Net Tax Collected by					
County Treasurer during					
Fiscal Year Ending:					
June 30, 2019	3,617,762	-	-	-	-
June 30, 2020	2,184,892	3,821,375	-	-	-
June 30, 2021	2,453	2,247,630	4,244,021	-	-
June 30, 2022	407	631	2,572,303	4,458,840	-
June 30, 2023	248	4,418	5,102	2,268,666	4,548,300
Total Net Collections	5,805,762	6,074,054	6,821,426	6,727,506	4,548,300
Total Uncollected Tax	\$ -	\$ -	\$ 308	\$ 1,182	\$ 2,333,141
Percentage Uncollected Tax	0.00%	0.00%	0.00%	0.02%	33.90%

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



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ROCK 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
Rock 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 Rock 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 April 16, 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 Rock County Hospital, a component unit of Rock 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rock 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 Rock County in a separate letter dated April 16, 2024.

Rock County's Response to Findings

Rock County declined to respond to the finding described above.

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

April 16, 2024



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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April 16, 2024

Board of Commissioners
Rock County, Nebraska

Dear Commissioners:

We have audited the basic financial statements of Rock County (County) for the fiscal year ended June 30, 2023, and have issued our report thereon dated April 16, 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 TREASURER

Upper Elkhorn NRD Payments

During the audit, we noted the County Treasurer was disbursing collections for the Upper Elkhorn Natural Resources District (NRD) to the Holt County Treasurer, instead of the NRD directly. Additionally, these payments were not made monthly; instead, only three checks were issued to the Holt County Treasurer during the fiscal year ending June 30, 2023, totaling \$75,403.

The Auditor of Public Accounts is unaware of any authority for the County Treasurer to be making sporadic payments to another County Treasurer, rather than monthly payments to the NRD directly. Instead, Neb. Rev. Stat. § 2-3225(2) (Reissue 2022) provides the following:

The proceeds of the tax levies authorized in subdivisions (1)(a) through (c) of this section shall be used, together with any other funds which the district may receive from any source, for the operation of the district. When adopted by the board, the tax levies authorized in subdivisions (1)(a) through (d) of this section shall be certified by the secretary to the county clerk of each county which in whole or in part is included within the district. Such levy shall be handled by the counties in the same manner as other levies, and proceeds shall be remitted to the district treasurer. Such levy shall not be considered a part of the general county levy and shall not be considered in connection with any limitation on levies of such counties.

(Emphasis added.) As § 2-3225(2) mandates that NRD tax collections are to be handled in the same manner as other levies, it is reasonable to assume that those collections should be handled in accordance with Neb. Rev. Stat. § 23-1601(4)(a) (Reissue 2022), which provides the following, in relevant part:

On or before the fifteenth day of each month, the county treasurer (i) shall pay to each city, village, school district, educational service unit, county agricultural society, rural or suburban fire protection district, and township located within the county the amount of all funds collected or received for the city, village, school district, educational service unit, county agricultural society, rural or suburban fire protection district, and township the previous calendar month, including bond fund money when requested by any city of the first class under section 16-731. . .

(Emphasis added.) Furthermore, good internal controls require procedures to ensure payments made by the County Treasurer are in accordance with all applicable statutory requirements.

Without such procedures, there is an increased risk of not only the County Treasurer failing to comply with State statute but also the loss, theft, or misuse of funds.

We recommend the County Treasurer implement procedures to ensure collections received for the NRD are disbursed as directed by § 23-1601(4)(a).

County Treasurer Response: The Upper Elkhorn NRD has been paid through the Holt County Treasurer's office as long as I have been in the office-since 2002. And not monthly [payments] but 3 or 4 times per year. I was told that is the way the NRD wanted it done so that is how I have continued to do it. After the auditors told me it was wrong, I contacted both the Holt County Treasurer and the Upper Elkhorn NRD office. Neither knew why it was done that way but beginning with the April 2024 payment, I will pay monthly directly to the Upper Elkhorn NRD.

COUNTY BOARD

Payment of Sales Tax

During testing, we noted numerous instances in which the County paid sales tax, totaling \$190.

According to Neb. Rev. Stat. § 77-2704.15(1)(a) (Supp. 2023), purchases 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 is 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 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.

* * * * *

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 written in a cursive, flowing style.

Jeff Schreier, CPA
Audit Manager