

**AUDIT REPORT
OF
DAWES COUNTY**

JULY 1, 2011 THROUGH JUNE 30, 2012

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the Auditor of Public Accounts.**

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Issued on February 1, 2013

DAWES COUNTY

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DAWES COUNTY

LIST OF COUNTY OFFICIALS

At June 30, 2012

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Webb Johnson	Board of Commissioners	Jan. 2013
Jake Stewart		Jan. 2015
Stacy Swinney		Jan. 2015
Roberta Coleman	Assessor	Jan. 2015
Vance Haug	Attorney	Jan. 2015
Cheryl Feist	Clerk Election Commissioner Register of Deeds	Jan. 2015
Sharon Harrison	Clerk of the District Court	Jan. 2015
Karl Dailey	Sheriff	Jan. 2015
Barb Sebesta	Treasurer	Jan. 2015
Jeff Fankhauser	Veterans' Service Officer	Appointed
Becky Paulson	Planning / Zoning	Appointed
Larry Hankin	Highway Superintendent	Appointed



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DAWES COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Dawes County, Nebraska

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dawes County, as of and for the year ended June 30, 2012, which collectively comprise the basic financial statements of the County as listed in the Table of Contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective cash position of the governmental activities, each major fund, and the aggregate remaining fund information of Dawes County, as of June 30, 2012, and the respective changes in cash basis financial position thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2013, on our consideration of Dawes 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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, 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.

SIGNED ORIGINAL ON FILE

January 31, 2013

Deann Haeffner, CPA
Assistant Deputy Auditor

DAWES COUNTY
STATEMENT OF NET ASSETS - CASH BASIS

June 30, 2012

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 2,787,993
Investments (Note 1.D)	399,230
TOTAL ASSETS	<u><u>\$ 3,187,223</u></u>
NET ASSETS	
Restricted for:	
Visitor Promotion	\$ 51,479
911 Emergency Services	69,689
Drug Education	1,882
Energy Grant	27,877
Debt Service	55,237
Unrestricted	2,981,059
TOTAL NET ASSETS	<u><u>\$ 3,187,223</u></u>

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

DAWES COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS

For the Year Ended June 30, 2012

Functions:	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Assets
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ (1,776,543)	\$ 223,866	\$ 190,108	\$ (1,362,569)
Public Safety	(944,048)	25,154	5,732	(913,162)
Public Works	(1,429,842)	-	719,254	(710,588)
Health and Sanitation	(44,256)	-	-	(44,256)
Public Assistance	(94,952)	-	6,987	(87,965)
Culture and Recreation	(87,597)	-	-	(87,597)
Debt Payments	(69,605)	-	-	(69,605)
Total Governmental Activities	<u>\$ (4,446,843)</u>	<u>\$ 249,020</u>	<u>\$ 922,081</u>	<u>(3,275,742)</u>

General Receipts:

Property Taxes	2,888,669
Grants and Contributions Not Restricted to Specific Programs	487,115
Investment Income	9,781
Licenses and Permits	33,399
Miscellaneous	223,523
Total General Receipts	<u>3,642,487</u>

Change in Net Assets	366,745
Net Assets - Beginning	2,820,478
Net Assets - Ending	<u>\$ 3,187,223</u>

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

DAWES COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS

June 30, 2012

	General Fund	Road Fund	Inheritance Fund	Insurance Claim Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents (Note 1.D)	\$1,497,860	\$ 40,752	\$ 429,306	\$ 284,319	\$ 535,756	\$ 2,787,993
Investments (Note 1.D)	-	-	399,230	-	-	399,230
TOTAL ASSETS	<u>\$1,497,860</u>	<u>\$ 40,752</u>	<u>\$ 828,536</u>	<u>\$ 284,319</u>	<u>\$ 535,756</u>	<u>\$ 3,187,223</u>
FUND BALANCES						
Restricted for:						
Visitor Promotion	\$ -	\$ -	\$ -	\$ -	\$ 51,479	\$ 51,479
911 Emergency Services	-	-	-	-	69,689	69,689
Drug Education	-	-	-	-	1,882	1,882
Energy Grant	-	-	-	-	27,877	27,877
Debt Service	-	-	-	-	55,237	55,237
Committed to:						
Road Maintenance	-	40,752	-	-	255,000	295,752
Aid and Assistance	-	-	-	-	4,592	4,592
Property Reappraisals	-	-	-	-	70,000	70,000
Employee Health Insurance	-	-	-	284,319	-	284,319
Assigned to:						
Other Purposes	-	-	828,536	-	-	828,536
Unassigned	1,497,860	-	-	-	-	1,497,860
TOTAL CASH BASIS FUND BALANCES	<u>\$1,497,860</u>	<u>\$ 40,752</u>	<u>\$ 828,536</u>	<u>\$ 284,319</u>	<u>\$ 535,756</u>	<u>\$ 3,187,223</u>

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

DAWES COUNTY
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2012

	General Fund	Road Fund	Inheritance Fund	Health Insurance Claim Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS						
Property Taxes	\$ 2,585,508	\$ -	\$ 93,983	\$ -	\$ 209,178	\$ 2,888,669
Licenses and Permits	33,399	-	-	-	-	33,399
Interest	9,781	-	-	-	-	9,781
Intergovernmental	679,179	705,524	-	-	24,493	1,409,196
Charges for Services	249,020	-	-	-	-	249,020
Miscellaneous	65,770	3,403	-	154,280	70	223,523
TOTAL RECEIPTS	<u>3,622,657</u>	<u>708,927</u>	<u>93,983</u>	<u>154,280</u>	<u>233,741</u>	<u>4,813,588</u>
DISBURSEMENTS						
General Government	1,322,365	-	-	401,628	52,550	1,776,543
Public Safety	840,306	-	-	-	103,742	944,048
Public Works	127,903	1,301,939	-	-	-	1,429,842
Health and Sanitation	44,256	-	-	-	-	44,256
Public Assistance	94,338	-	-	-	614	94,952
Culture and Recreation	3,400	-	-	-	84,197	87,597
Debt Service:						
Principal Payments	-	-	-	-	45,000	45,000
Interest and Fiscal Charges	-	-	-	-	24,605	24,605
TOTAL DISBURSEMENTS	<u>2,432,568</u>	<u>1,301,939</u>	<u>-</u>	<u>401,628</u>	<u>310,708</u>	<u>4,446,843</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,190,089</u>	<u>(593,012)</u>	<u>93,983</u>	<u>(247,348)</u>	<u>(76,967)</u>	<u>366,745</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	584,142	-	400,294	51,566	1,036,002
Transfers out	(1,034,196)	-	-	-	(1,806)	(1,036,002)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,034,196)</u>	<u>584,142</u>	<u>-</u>	<u>400,294</u>	<u>49,760</u>	<u>-</u>
Net Change in Fund Balances	155,893	(8,870)	93,983	152,946	(27,207)	366,745
CASH BASIS FUND BALANCES - BEGINNING	<u>1,341,967</u>	<u>49,622</u>	<u>734,553</u>	<u>131,373</u>	<u>562,963</u>	<u>2,820,478</u>
CASH BASIS FUND BALANCES - ENDING	<u>\$ 1,497,860</u>	<u>\$ 40,752</u>	<u>\$ 828,536</u>	<u>\$ 284,319</u>	<u>\$ 535,756</u>	<u>\$ 3,187,223</u>

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

DAWES COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
CASH BASIS
FIDUCIARY FUNDS
 June 30, 2012

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 339,370
LIABILITIES	
Due to other governments	
State	128,587
Schools	155,705
Educational Service Units	2,095
Technical College	9,381
Natural Resource Districts	1,910
Fire Districts	1,312
Municipalities	38,519
Agricultural Society	411
Others	1,450
TOTAL LIABILITIES	339,370
TOTAL NET ASSETS	\$ -

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

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2012

1. **Summary of Significant Accounting Policies**

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

A. Reporting Entity

Dawes 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 which 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.

As required by generally accepted accounting principles (GAAP), these financial statements present the County (the primary government). No component units were identified.

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 \$28,020 toward the operation of the Region during fiscal year 2012. 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.

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Health Department – The County has entered into an agreement with Panhandle Public Health Department (Department) to provide public health services. Agreements were established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636 (Reissue 2009, Supp. 2011).

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 2012. 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 required to be audited annually in accordance with Neb. Rev. Stat. § 84-304(4) (Reissue 2008). Financial information for the Department is available in that report.

B. Basis of Presentation

Government-wide Financial Statements. The Statement of Net Assets - 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. 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 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 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

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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:

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 which 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.

Health Insurance Claim Fund. This fund is used to account for receipts from employees and funds set aside by the County to pay for employee health costs.

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.

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

Debt Service Funds. The Courthouse Bond Fund accounts for the resources for, and the payment of, general long-term debt principal, interest, and related costs.

The County designates fund balances as:

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 balances has not been designated by the County Board for a specific purpose, but has been separated based on the type of revenue.

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Unassigned. The portion of the General Fund 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 Assets - Cash Basis and the Statement of Activities - Cash Basis. Receipts are recognized when received and disbursements are recognized when warrants are 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 require 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 generally are 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 Assets

Cash and Cash Equivalents. The County's cash and cash equivalents are considered to be cash on hand 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 2009), and generally include U.S. Government obligations, certificates of deposit, and time deposits and securities, which are authorized by the Nebraska Investment Council.

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 Assets. 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 assets are reported as restricted when constraints placed on their use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net assets reports \$206,164 of restricted net assets, of which \$123,050 is restricted by enabling legislation.

Budgetary Process. The County adopts an annual budget in accordance with the statutory requirements of the Nebraska Budget Act. 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

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

on the proposed budget. On or before September 20, 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 2009).

At year end, the County's carrying amount of deposits was \$2,787,993 for County funds and \$339,370 for Fiduciary funds. The bank balances for all funds totaled \$3,054,922. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2012, 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 are stated at cost, which approximates market. Investments consisted of \$399,230 deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a seven 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 which 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 participant's 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.

3. **Property Taxes**

Property taxes are levied by the County Board on or before October 15 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 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.

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. Property Taxes (Concluded)

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. They may levy taxes in addition to the 50 cent limitation upon a vote of the people.

The levy set in October 2011, for the 2011 taxes, which will be materially collected in May and September 2012, was set at \$.376193/\$100 of assessed valuation. The levy set in October 2010, for the 2010 taxes, which were materially collected in May and September 2011, was set at \$.356193/\$100 of assessed valuation. The amount collected for 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. It may be increased by 1% by a three-fourths majority of the County Board.

4. Retirement System

The Retirement System for Nebraska Counties (the 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 23-2335 (Reissue 2007, Cum. Supp. 2010, Supp. 2011) 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. Prior service benefits are paid directly by the County to the retired employee.

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.

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

For the year ended June 30, 2012, 64 employees contributed \$71,405, and the County contributed \$106,369. Contributions included \$1,479 in cash contributions towards the supplemental law enforcement plan for 5 law enforcement employees. Lastly, the County paid \$948 directly to 13 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 78 counties throughout Nebraska.

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 by the Board for an additional contribution equal to its contribution for the current fiscal year, divided by the contribution of all participants for such year, times the amount of such deficiency. Each such assessment, and the manner of calculating the same, is sent to each county in writing, and each county has sixty days in which to pay the amount of such assessment. Each county remains liable for such assessments, regardless of such county's withdrawal from participation or the termination of the agreement, as well as for liabilities of the Pool incurred during such 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	\$ 300,000	\$ 5,000,000
Worker's Compensation Claim	\$ 500,000	Statutory Limits
Property Damage Claim	\$ 250,000	Insured Value at Replacement Cost

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. Risk Management (Concluded)

The County has not paid any additional assessments to the pool in the last three fiscal years, and no assessments are anticipated for fiscal year 2013. The County has not had to pay out any amounts that exceeded coverage provided by the pool in the last three fiscal years.

6. Interfund Transfers

Interfund transfers for the year ended June 30, 2012, consisted of the following:

Transfers to	Transfers from		Total
	General Fund	Nonmajor Funds	
Road Fund	\$ 584,142	\$ -	\$ 584,142
Health Insurance Claim Fund	400,294	-	400,294
Nonmajor Funds	49,760	1,806	51,566
Total	\$ 1,034,196	\$ 1,806	\$ 1,036,002

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. Contingent Liabilities

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

8. Long-Term Debt

The County originally issued bonds on July 1, 2004, in the amount of \$745,000 for the purpose of paying the costs to update and remodel the courthouse. The 2004 bond was refinanced on July 20, 2009, in the amount of \$760,000. The bond payable balance, as of June 30, 2012, was \$585,000. The 2009 bond was refinanced on September 20, 2012, in the amount of \$590,000. Interest rates for the 2012 bond range from .65% to 2.45%. 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.

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

8. Long-Term Debt (Concluded)

Future Payments:

Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 45,000	\$ 22,513	\$ 67,513
2014	45,000	21,252	66,252
2015	45,000	19,858	64,858
2016	50,000	18,372	68,372
2017	50,000	16,623	66,623
2018-2022	285,000	51,565	336,565
2023-2027	65,000	2,925	67,925
Total Payments	<u>\$ 585,000</u>	<u>\$ 153,108</u>	<u>\$ 738,108</u>

DAWES COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 2,797,990	\$ 2,797,990	\$ 2,585,508	\$ (212,482)
Licenses and Permits	29,920	29,920	33,399	3,479
Interest	10,000	10,000	9,781	(219)
Intergovernmental	270,600	270,600	679,179	408,579
Charges for Services	444,030	444,030	249,020	(195,010)
Miscellaneous	118,060	118,060	65,770	(52,290)
TOTAL RECEIPTS	3,670,600	3,670,600	3,622,657	(47,943)
DISBURSEMENTS				
General Government:				
County Board	61,180	61,180	61,107	73
County Clerk	136,550	136,550	129,019	7,531
County Treasurer	129,960	133,596	133,596	-
County Assessor	153,790	153,790	149,153	4,637
Election Commissioner	27,200	27,200	23,401	3,799
Building and Zoning	5,650	5,650	4,217	1,433
Clerk of the District Court	77,850	77,850	77,708	142
County Court System	46,100	46,100	39,806	6,294
District Judge	56,800	56,800	11,805	44,995
Public Defender	73,660	73,660	73,375	285
Building and Grounds	81,440	81,440	78,375	3,065
Agricultural Extension Agent	54,160	54,160	53,851	309
Miscellaneous	1,175,197	1,150,425	486,952	663,473
Public Safety				
County Sheriff	187,760	194,638	194,638	-
County Attorney	153,140	156,536	156,536	-
Communication Center	23,700	23,700	23,076	624
County Jail	260,800	260,800	252,914	7,886
County Attorney Child Support	40,990	40,990	32,174	8,816
Law Enforcement Contract	154,870	154,870	139,351	15,519
Miscellaneous	54,191	54,191	41,617	12,574
Public Works				
County Surveyor	10,000	10,000	9,461	539
Noxious Weed Control	118,840	118,840	118,442	398
Public Health				
Alcohol and Drug Abuse	12,000	22,862	22,862	-
Miscellaneous	24,402	24,402	21,394	3,008

(Continued)

DAWES COUNTY
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DISBURSEMENTS, Continued				
Public Assistance				
Veterans' Service Officer	79,690	79,690	68,212	11,478
Relief	18,500	18,500	9,196	9,304
Institutions	20,500	20,500	50	20,450
Miscellaneous	16,880	16,880	16,880	-
Culture and Recreation				
Miscellaneous	4,000	4,000	3,400	600
TOTAL DISBURSEMENTS	3,259,800	3,259,800	2,432,568	827,232
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	410,800	410,800	1,190,089	779,289
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(1,337,740)	(1,337,740)	(1,034,196)	303,544
TOTAL OTHER FINANCING SOURCES (USES)	(1,337,740)	(1,337,740)	(1,034,196)	303,544
Net Change in Fund Balance	(926,940)	(926,940)	155,893	1,082,833
FUND BALANCE - BEGINNING	1,326,940	1,326,940	1,341,967	15,027
FUND BALANCE - ENDING	\$ 400,000	\$ 400,000	\$ 1,497,860	\$ 1,097,860

(Concluded)

DAWES COUNTY
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS**

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 659,051	\$ 659,051	\$ 705,524	\$ 46,473
Miscellaneous	2,207	2,207	3,403	1,196
TOTAL RECEIPTS	661,258	661,258	708,927	47,669
DISBURSEMENTS	1,619,860	1,619,860	1,301,939	317,921
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(958,602)	(958,602)	(593,012)	365,590
OTHER FINANCING SOURCES (USES)				
Transfers in	1,308,980	1,308,980	584,142	(724,838)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	1,308,980	1,308,980	584,142	(724,838)
Net Change in Fund Balance	350,378	350,378	(8,870)	(359,248)
FUND BALANCE - BEGINNING	49,622	49,622	49,622	-
FUND BALANCE - ENDING	<u>\$ 400,000</u>	<u>\$ 400,000</u>	<u>\$ 40,752</u>	<u>\$ (359,248)</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 65,447	\$ 65,447	\$ 93,983	\$ 28,536
TOTAL RECEIPTS	65,447	65,447	93,983	28,536
DISBURSEMENTS	800,000	800,000	-	800,000
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(734,553)	(734,553)	93,983	828,536
FUND BALANCE - BEGINNING	734,553	734,553	734,553	-
FUND BALANCE - ENDING	<u>\$ 734,553</u>	<u>\$ 734,553</u>	<u>\$ 734,553</u>	<u>\$ -</u>

(Continued)

DAWES COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>HEALTH INSURANCE CLAIM FUND</u>				
RECEIPTS				
Miscellaneous	\$ 468,627	\$ 468,627	\$ 154,280	\$ (314,347)
TOTAL RECEIPTS	<u>468,627</u>	<u>468,627</u>	<u>154,280</u>	<u>(314,347)</u>
 DISBURSEMENTS	 <u>600,000</u>	 <u>600,000</u>	 <u>401,628</u>	 <u>198,372</u>
 EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	 <u>(131,373)</u>	 <u>(131,373)</u>	 <u>(247,348)</u>	 <u>(115,975)</u>
 OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	400,294	400,294
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	 <u>-</u>	 <u>-</u>	 <u>400,294</u>	 <u>400,294</u>
 Net Change in Fund Balance	 (131,373)	 (131,373)	 152,946	 284,319
FUND BALANCE - BEGINNING	131,373	131,373	131,373	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 284,319</u>	<u>\$ 284,319</u>

(Concluded)

DAWES COUNTY
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS**

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD CONSTRUCTION FUND				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	245,000	245,000	-	245,000
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	100,000	-	(100,000)
Transfers out	(110,000)	(110,000)	-	110,000
TOTAL OTHER FINANCING SOURCES (USES)	(10,000)	(10,000)	-	10,000
Net Change in Fund Balance	(255,000)	(255,000)	-	255,000
FUND BALANCE - BEGINNING	255,000	255,000	255,000	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 255,000</u>	<u>\$ 255,000</u>
VISITOR'S PROMOTION FUND				
RECEIPTS	\$ 64,469	\$ 64,469	\$ 70,145	\$ 5,676
DISBURSEMENTS	130,000	130,000	84,197	45,803
Net Change in Fund Balance	(65,531)	(65,531)	(14,052)	51,479
FUND BALANCE - BEGINNING	65,531	65,531	65,531	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,479</u>	<u>\$ 51,479</u>
REAPPRAISAL FUND				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	70,000	70,000	-	70,000
OTHER FINANCING SOURCES (USES)				
Transfers in	35,000	35,000	35,000	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	35,000	35,000	35,000	-
Net Change in Fund Balance	(35,000)	(35,000)	35,000	70,000
FUND BALANCE - BEGINNING	35,000	35,000	35,000	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,000</u>	<u>\$ 70,000</u>

(Continued)

DAWES COUNTY
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS**

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VETERANS' AID FUND				
RECEIPTS	\$ 10	\$ 10	\$ 16	\$ 6
DISBURSEMENTS	5,200	5,200	614	4,586
OTHER FINANCING SOURCES (USES)				
Transfers in	3,760	3,760	3,760	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	3,760	3,760	3,760	-
Net Change in Fund Balance	(1,430)	(1,430)	3,162	4,592
FUND BALANCE - BEGINNING	1,430	1,430	1,430	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 4,592	\$ 4,592
DRUG EDUCATION AND ENFORCEMENT FUND				
RECEIPTS	\$ 18	\$ 18	\$ -	\$ (18)
DISBURSEMENTS	1,900	1,900	-	1,900
Net Change in Fund Balance	(1,882)	(1,882)	-	1,882
FUND BALANCE - BEGINNING	1,882	1,882	1,882	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 1,882	\$ 1,882
GRANT FUND				
RECEIPTS	\$ 102,886	\$ 102,886	\$ 3,000	\$ (99,886)
DISBURSEMENTS	134,800	134,800	52,550	82,250
Net Change in Fund Balance	(31,914)	(31,914)	(49,550)	(17,636)
FUND BALANCE - BEGINNING	31,914	31,914	77,427	45,513
FUND BALANCE - ENDING	\$ -	\$ -	\$ 27,877	\$ 27,877

(Continued)

DAWES COUNTY
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS**

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
911 EMERGENCY FUND				
RECEIPTS	\$ 40,565	\$ 40,565	\$ 43,185	\$ 2,620
DISBURSEMENTS	114,400	114,400	100,576	13,824
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	12,806	12,806
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	12,806	12,806
Net Change in Fund Balance	(73,835)	(73,835)	(44,585)	29,250
FUND BALANCE - BEGINNING	73,835	73,835	73,835	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 29,250	\$ 29,250
WIRELESS 911 SERVICE FUND				
RECEIPTS	\$ 24,580	\$ 24,580	\$ 24,581	\$ 1
DISBURSEMENTS	45,410	45,410	3,166	42,244
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(1,806)	(1,806)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(1,806)	(1,806)
Net Change in Fund Balance	(20,830)	(20,830)	19,609	40,439
FUND BALANCE - BEGINNING	20,830	20,830	20,830	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 40,439	\$ 40,439
COURTHOUSE BOND FUND				
RECEIPTS	\$ 82,972	\$ 82,972	\$ 92,814	\$ 9,842
DISBURSEMENTS	69,700	69,700	69,605	95
Net Change in Fund Balance	13,272	13,272	23,209	9,937
FUND BALANCE - BEGINNING	32,028	32,028	32,028	-
FUND BALANCE - ENDING	\$ 45,300	\$ 45,300	\$ 55,237	\$ 9,937

(Concluded)

DAWES COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012

	Road Construction Fund	Visitor's Promotion Fund	Reappraisal Fund	Veterans' Aid Fund	Drug Education and Enforcement Fund
RECEIPTS					
Property Taxes	\$ -	\$ 70,145	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	16	-
Miscellaneous	-	-	-	-	-
TOTAL RECEIPTS	-	70,145	-	16	-
DISBURSEMENTS					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Assistance	-	-	-	614	-
Culture and Recreation	-	84,197	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	-	84,197	-	614	-
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	-	(14,052)	-	(598)	-
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	35,000	3,760	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	35,000	3,760	-
Net Change in Fund Balances	-	(14,052)	35,000	3,162	-
FUND BALANCES - BEGINNING	255,000	65,531	35,000	1,430	1,882
FUND BALANCES - ENDING	\$ 255,000	\$ 51,479	\$ 70,000	\$ 4,592	\$ 1,882
FUND BALANCES:					
Restricted for:					
Visitor Promotion	\$ -	\$ 51,479	\$ -	\$ -	\$ -
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	1,882
Energy Grant	-	-	-	-	-
Debt Service	-	-	-	-	-
Committed to:					
Road Maintenance	255,000	-	-	-	-
Aid and Assistance	-	-	-	4,592	-
Property Reappraisals	-	-	70,000	-	-
TOTAL FUND BALANCES	\$ 255,000	\$ 51,479	\$ 70,000	\$ 4,592	\$ 1,882

(Continued)

DAWES COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012

	Grant Fund	911 Emergency Fund	Wireless 911 Service Fund	Courthouse Bond Fund	Total Nonmajor Governmental Funds
RECEIPTS					
Property Taxes	\$ -	\$ 43,115	\$ 24,581	\$ 71,337	\$ 209,178
Intergovernmental	3,000	-	-	21,477	24,493
Miscellaneous	-	70	-	-	70
TOTAL RECEIPTS	3,000	43,185	24,581	92,814	233,741
DISBURSEMENTS					
General Government	52,550	-	-	-	52,550
Public Safety	-	100,576	3,166	-	103,742
Public Assistance	-	-	-	-	614
Culture and Recreation	-	-	-	-	84,197
Debt Service:					
Principal Payments	-	-	-	45,000	45,000
Interest and Fiscal Charges	-	-	-	24,605	24,605
TOTAL DISBURSEMENTS	52,550	100,576	3,166	69,605	310,708
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(49,550)	(57,391)	21,415	23,209	(76,967)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	12,806	-	-	51,566
Transfers out	-	-	(1,806)	-	(1,806)
TOTAL OTHER FINANCING SOURCES (USES)	-	12,806	(1,806)	-	49,760
Net Change in Fund Balances	(49,550)	(44,585)	19,609	23,209	(27,207)
FUND BALANCES - BEGINNING	77,427	73,835	20,830	32,028	562,963
FUND BALANCES - ENDING	\$ 27,877	\$ 29,250	\$ 40,439	\$ 55,237	\$ 535,756
FUND BALANCES:					
Restricted for:					
Visitor Promotion	\$ -	\$ -	\$ -	\$ -	\$ 51,479
911 Emergency Services	-	29,250	40,439	-	69,689
Drug Education	-	-	-	-	1,882
Energy Grant	27,877	-	-	-	27,877
Debt Service	-	-	-	55,237	55,237
Committed to:					
Road Maintenance	-	-	-	-	255,000
Aid and Assistance	-	-	-	-	4,592
Property Reappraisals	-	-	-	-	70,000
TOTAL FUND BALANCES	\$ 27,877	\$ 29,250	\$ 40,439	\$ 55,237	\$ 535,756

(Concluded)

DAWES COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2012

	<u>County Clerk</u>	<u>Clerk of the District Court</u>	<u>County Sheriff</u>	<u>County Attorney</u>	<u>Veterans' Service Officer</u>	<u>County Health Insurance</u>	<u>Total</u>
BALANCES JULY 1, 2011	\$ 7,740	\$ 10,648	\$ 4,524	\$ 243	\$ 2,866	\$ 103,376	\$ 129,397
RECEIPTS							
Licenses and Permits	1,650	-	350	-	-	-	2,000
Charges for Services	42,088	9,381	24,473	-	-	-	75,942
Miscellaneous	-	-	39	-	-	454,593	454,632
State Fees	42,907	5,753	-	-	-	-	48,660
Other Liabilities	-	136,776	26,515	3,653	-	12,256	179,200
TOTAL RECEIPTS	<u>86,645</u>	<u>151,910</u>	<u>51,377</u>	<u>3,653</u>	<u>-</u>	<u>466,849</u>	<u>760,434</u>
DISBURSEMENTS							
Payments to County Treasurer	41,739	9,370	24,373	-	-	-	75,482
Payments to State Treasurer	39,879	6,237	-	-	-	-	46,116
Other Liabilities	-	123,256	25,660	3,740	727	504,387	657,770
TOTAL DISBURSEMENTS	<u>81,618</u>	<u>138,863</u>	<u>50,033</u>	<u>3,740</u>	<u>727</u>	<u>504,387</u>	<u>779,368</u>
BALANCES JUNE 30, 2012	<u>\$ 12,767</u>	<u>\$ 23,695</u>	<u>\$ 5,868</u>	<u>\$ 156</u>	<u>\$ 2,139</u>	<u>\$ 65,838</u>	<u>\$ 110,463</u>
BALANCES CONSIST OF:							
Due to County Treasurer	\$ 5,805	\$ 552	\$ 4,779	\$ -	\$ 2,139	\$ 52,629	\$ 65,904
Petty Cash	200	-	-	-	-	-	200
Due to State Treasurer	6,762	303	-	-	-	-	7,065
Due to Others	-	22,840	1,089	156	-	13,209	37,294
BALANCES JUNE 30, 2012	<u>\$ 12,767</u>	<u>\$ 23,695</u>	<u>\$ 5,868</u>	<u>\$ 156</u>	<u>\$ 2,139</u>	<u>\$ 65,838</u>	<u>\$ 110,463</u>

DAWES COUNTY
**SCHEDULE OF TAXES CERTIFIED AND COLLECTED FOR
 ALL POLITICAL SUBDIVISIONS IN THE COUNTY**

June 30, 2012

Item	2007	2008	2009	2010	2011
Tax Certified by Assessor					
Real Estate	\$ 8,550,759	\$ 9,140,340	\$ 9,235,342	\$ 10,070,709	\$ 10,039,530
Personal and Specials	897,610	1,010,982	1,082,883	1,152,097	1,243,860
Total	9,448,369	10,151,322	10,318,225	11,222,806	11,283,390
Corrections					
Additions	8,210	6,814	6,733	4,167	2,053
Deductions	(29,394)	(11,115)	(10,563)	(7,676)	(9,311)
Net Additions/ (Deductions)	(21,184)	(4,301)	(3,830)	(3,509)	(7,258)
Corrected Certified Tax	9,427,185	10,147,021	10,314,395	11,219,297	11,276,132
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2008	5,793,599	-	-	-	-
June 30, 2009	3,617,274	5,795,129	-	-	-
June 30, 2010	5,449	4,333,907	5,860,148	-	-
June 30, 2011	348	3,223	4,437,895	6,265,818	-
June 30, 2012	964	2,499	7,041	4,942,383	6,364,920
Total Net Collections	9,417,634	10,134,758	10,305,084	11,208,201	6,364,920
Total Uncollected Tax	\$ 9,551	\$ 12,263	\$ 9,311	\$ 11,096	\$ 4,911,212
Percentage Uncollected Tax	0.10%	0.12%	0.09%	0.10%	43.55%



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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DAWES 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
Dawes County, Nebraska

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dawes County as of and for the year ended June 30, 2012, and have issued our report thereon dated January 31, 2013. The report notes the financial statements were prepared on the basis of cash receipts and disbursements. Except as noted above, we conducted our audit 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.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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, detect, or 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, detected or corrected on a timely basis. We consider the following deficiencies to be material weaknesses:

- The County offices had a lack of segregation of duties since 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. Due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost.
- The County Treasurer did not have procedures in place to ensure the complete and accurate daily balancing of office assets to liabilities. Numerous reconciling items were identified between bank records and the County records.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dawes 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 determination of financial statement amounts. 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*.

We also noted certain matters that we reported to management of Dawes County in a separate letter dated January 31, 2013.

This report is intended solely for the information and use of management, the County Board, others within the entity, the State Legislature, the appropriate Federal and regulatory agencies, and citizens of the State of Nebraska, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

SIGNED ORIGINAL ON FILE

Deann Haeffner, CPA
Assistant Deputy Auditor

January 31, 2013

**MANAGEMENT LETTER
OF
DAWES COUNTY**

JULY 1, 2011 THROUGH JUNE 30, 2012

**This document is an official public record of the State of Nebraska, issued by
the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original
document and may be prohibited by law.**

Issued on February 1, 2013



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January 31, 2013

Board of Commissioners
Dawes County, Nebraska

Dear Commissioners:

We have audited the basic financial statements of Dawes County (County) for the fiscal year ended June 30, 2012, and have issued our report thereon dated January 31, 2013. 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 OVERALL

Segregation of Duties

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.

We noted the offices of the County each had a lack of segregation of duties since one person could handle all aspects of processing a transaction from beginning to end. Due to a limited number of personnel, an adequate segregation of duties is not possible without additional cost. 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.

Unclaimed Property

Neb. Rev. Stat. § 69-1307.01 (Reissue 2009) states that personal property held by public entities or political subdivisions which remain unclaimed for more than three years is presumed abandoned. Additionally, Neb. Rev. Stat. § 69-1310 (Reissue 2009) requires such items be reported to the Nebraska State Treasurer before November 1st of each year as of June 30 next preceding.

During our audit, we noted the following as of June 30, 2012:

- The County Attorney's bank account included unidentified excess funds of \$1,014 which have not been identified for several years.
- The Clerk of the District Court's bank account included six checks, totaling \$376, which have been outstanding in excess of four years.

When records are not monitored and followed up on, unclaimed property is not remitted to the State Treasurer in compliance with State statute.

We recommend all personal property unclaimed for more than three years be remitted to the Nebraska State Treasurer in accordance with the Unclaimed Property Act.

County's Response: The Dawes County Board of Commissioners has received the draft of the State Auditor's report. The Board has reviewed and accepts the report as written. As a Board we feel the report is comprehensive and accurate.

COUNTY TREASURER

Balancing Procedures

The County Treasurer did not have procedures in place to ensure the complete and accurate daily balancing of office assets to liabilities. The following items were noted:

- Various posting errors and differences between banking activity and book activity during the period January 2011 to April 2012 resulted in a total net difference between bank balance and book balance of \$9,838.72. To adjust for the variance, the County Treasurer deducted the \$9,838.72 from the General Fund on April 30, 2012. Variance consisted of:

Fines and License Receipt Error	\$	(9,255.00)
Overpayment to School		(1,658.02)
Tax Corrections		1,114.11
Miscellaneous Adjustments		(39.81)
Total	\$	<u>(9,838.72)</u>

- Disbursements from the Visitor's Promotion Fund, totaling \$13,910, were incorrectly posted to the Health Insurance Claim Fund.
- Disbursements from the 911 Emergency Fund, totaling \$12,150, were incorrectly posted to the Grant Fund.
- Journal entry from the Courthouse Bond Fund to the General Fund for \$12,303 was posted incorrectly.
- Disbursement from the Veterans' Aid Fund for \$115 was posted to the General Fund.
- Numerous receipts were miscoded regarding the account code.

Sound accounting practices and good internal control require all office assets be reconciled to liabilities on a daily basis to ensure complete and accurate accountability. Without complete and accurate daily balancing procedures, there is an increased risk of loss, theft, or misuse of funds as well as undetected intentional and/or unintentional accounting errors.

We strongly recommend the County Treasurer implement daily balancing procedures which completely and accurately reconcile office assets with liabilities.

Tax Distributions

The 2011 tax levy for the Courthouse Bond Fund was incorrectly entered into the computer system which distributes property taxes to political subdivisions in the County. The levy was set by the County Board at .011515, but the levy in the system was .010851. The net result once all 2011 taxes are receipted would be \$4,695. This resulted in other political subdivisions receiving more than their share of the taxes collected.

Good internal controls require procedures be in place to ensure tax levies are entered into a computer distribution system correctly and are not changed once entered.

We recommend the County Treasurer implement procedures to ensure tax levies are entered into the distribution system correctly and that once entered they are not changed.

Property Tax Credit Distribution

The County Treasurer did not retain a one percent commission, totaling \$5,021, from the property tax credit distributed to the political subdivisions in the County. The County Treasurer credited \$5,021 to the County General Fund from the credit which could not be used by taxpayers and was supposed to be returned to the State. As a result, the amount returned to the State was short \$5,021, additionally, the payment to the State was not performed until July 9, 2012, nine days late.

Neb. Rev. Stat. § 77-4212 (Reissue 2009) requires the State of Nebraska Property Tax Administrator to set, by September 15th, the amount to be disbursed to each county and certify that amount to the State Treasurer and to each county. This property tax relief is to appear in the form of a property tax credit on each property tax statement. The County Treasurer, after retaining 1% for costs, was to distribute the remaining receipts to each taxing unit levying taxes on taxable property in the tax district in the same proportion that the levy bears to the total levy on taxable property in the district. Neb. Rev. Stat. § 77-4212 (Reissue 2009) also requires the amount of the credit which cannot be used by the taxpayer shall be returned to the State Treasurer by July 1 of the year the amount disbursed to the County was disbursed.

When the property tax credit is not properly distributed, the County Treasurer is not in compliance with State statutes, the State and political subdivisions do not receive the correct monies due to them.

We recommend procedures be implemented to ensure the amount of all property tax credits are completely and accurately receipted and distributed, commission is properly charged, and any unused credit be promptly returned to the State Treasurer by July 1.

County Treasurer's Overall Response: I feel the Commissioners made a wise decision in requesting a State audit. Working with Deann was a great experience as she was so helpful in finding and pointing out errors, helping us correct them and also pointing out important details that we were possibly amiss on.

Being relatively new in this job, I have learned a lot, and with Deann's help, I feel more comfortable in my forward direction and also feel more comfortable in contacting her when I have a question.

I have set up some 'checks and balances' in my office with my deputy, Rhonda McGannon, that she checks many of the things I do, especially in respect to the daily balance, monthly balance, checking accounts and balancing funds. The County Clerk, Cheryl Feist, is also part of our checks and balances as she has requested a report each time we balance together after each Commissioner meeting [for the fiscal year to date] of each fund that the Commissioners have requested monies taken from each meeting to pay claims. If she sees something on the report that she has questions on or something does not look right, she will bring it to my attention for me to explain or correct [if necessary].

I feel a lot was accomplished with this audit and look forward to my next year in the Treasurer's office and will be comfortable with our next audit.

CLERK OF THE DISTRICT COURT

Monthly Case Balance Report

During our audit, we selected twelve cases balances which were on hand June 30, 2012, for testing. Eleven of those case balances, totaling \$6,492, should have been paid out to various plaintiffs and defendants. The case balances ranged in dates from June 6, 2006, through May 15, 2012.

Good internal control requires investigating amounts on the Monthly Case Balance Report and the Report of Non-Case Receipts and following up with individuals if action needs to be taken. When old account balances are not periodically reviewed, there is an increased risk of error or misuse of funds and reports being unreliable and outdated.

We recommend the Clerk of the District Court implement procedures to ensure that account balances are being periodically reviewed and individuals are being contacted if action needs to be taken.

Non-Monetary Receipts

During our audit we noted:

- One of the 15 non-monetary receipts selected for testing should not have been recorded as a non-monetary receipt, the amount should still be shown as an outstanding payable balance.
- Three of the 15 non-monetary receipts selected for testing did not have documentation on file to support the non-monetary transaction.

Good internal control requires supporting documentation be retained on all non-monetary receipt transactions to ensure the issuance of such receipts are accurate and proper. When adequate documentation is not maintained to support non-monetary receipts, there is an increased risk that improper receipts could be made and balances may be incorrect in the accounting records.

We recommend the Clerk of the District Court implement procedures to ensure adequate documentation is on file to support all non-monetary receipts. Additionally, we recommend procedures be implemented to ensure that non-waiverable fees are not recorded as non-monetary receipts.

Clerk of the District Court's Response: I'm working on the issues from our audit of this last summer as stated in the Audit Report draft. I've learned a bit from you auditing our records that I was not aware of and am glad to have this pointed out to me.

I've gone over the Monthly Case Balance Report and made corrections as necessary. I'm also wanting to look at the Non-Monetary Receipts.

COUNTY SHERIFF

Reports Filed Late

The County Sheriff did not file the following reports in accordance with State statute:

- The 2012 distress warrant report was not filed until September 7, 2012, and the 2011 distress warrant report was not filed until September 21, 2011. Neb. Rev. Stat. § 77-1719.01 (Reissue 2009) 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.”
- As of October 26, 2012, the County Sheriff’s 2012 Inventory List had not been filed with the County Board. Neb. Rev. Stat. § 23-347 (Reissue 2012) requires county officers to file with the county board by August 31, two calendar months after the close of each fiscal year, an inventory statement of all county personal property in their custody and possession.

When distress warrant reports and inventory lists are not filed with the County Board in accordance with State statute, there is an increased risk County property or funds may be lost or misused.

We recommend the County Sheriff file a distress warrant report and inventory list with the County Board by the dates required in State statute.

County Sheriff’s Response: I “believe” that I understand the report and, having said that, I agree with your assessments. The shortcomings in the Sheriff’s office have been addressed and will be discussed with the Commissioners this week. I “believe” that the rest of the report is accurate as written.

* * * * *

It should be noted this report is critical in nature since 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 them 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 will be verified in the next audit.

This report is intended solely for the information and use of the County, the appropriate Federal and regulatory agencies, and citizens of the State of Nebraska, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

SIGNED ORIGINAL ON FILE

Deann Haeffner, CPA
Assistant Deputy Auditor