

**AUDIT REPORT
OF
DAWES COUNTY**

JULY 1, 2012 THROUGH JUNE 30, 2013

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the Auditor of Public Accounts.**

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Issue on December 16, 2013

DAWES COUNTY

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DAWES COUNTY
LIST OF COUNTY OFFICIALS
 At June 30, 2013

Name	Title	Term Expires
Webb Johnson	Board of Commissioners	Jan. 2017
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
Alan Connell	Veterans' Service Officer	Appointed
Larry Hankin	Highway Superintendent	Appointed



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DAWES COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Dawes County, Nebraska

Report on the Financial Statements

We have audited the accompanying cash-basis 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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes 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 Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements 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 we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of significant accounting estimates made, by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

In our opinion, the 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 aggregate remaining fund information of Dawes County as of June 30, 2013, and the respective changes in cash-basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the County's basic financial statements. The combining non-major 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.

The combining non-major fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, Pages 19 through 28, 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. Such 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.

Basis of Accounting

We draw attention to Note 1 of the financial statements that 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 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 considering Dawes County's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

December 16, 2013

Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

DAWES COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2013

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 3,489,903
Investments (Note 1.D)	399,328
TOTAL ASSETS	\$ 3,889,231
 NET POSITION	
Restricted for:	
Visitor Promotion	\$ 55,277
911 Emergency Services	92,432
Drug Education	1,882
Energy Grant	68,556
Debt Service	61,838
Preservation of Records	2,171
Unrestricted	3,607,075
TOTAL NET POSITION	\$ 3,889,231

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, 2013

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	\$ (1,820,463)	\$ 205,553	\$ 252,915	\$ (1,361,995)
Public Safety	(932,444)	28,365	123,150	(780,929)
Public Works	(1,341,723)	-	725,123	(616,600)
Health and Sanitation	(59,199)	-	-	(59,199)
Public Assistance	(117,376)	-	8,051	(109,325)
Culture and Recreation	(70,651)	-	-	(70,651)
Debt Payments	(89,510)	-	-	(89,510)
Total Governmental Activities	<u>\$ (4,431,366)</u>	<u>\$ 233,918</u>	<u>\$ 1,109,239</u>	<u>(3,088,209)</u>

General Receipts:

Property Taxes	3,128,771
Grants and Contributions Not Restricted to Specific Programs	500,303
Investment Income	7,114
Licenses and Permits	31,599
Miscellaneous	122,430
Total General Receipts	<u>3,790,217</u>
 Increase in Net Position	 702,008
Net Position - Beginning of year	3,187,223
Net Position - End of year	<u>\$ 3,889,231</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, 2013

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents (Note 1.D)	\$ 1,737,717	\$ 21,116	\$ 659,757	\$ 1,071,313	\$ 3,489,903
Investments (Note 1.D)	-	-	399,328	-	399,328
TOTAL ASSETS	\$ 1,737,717	\$ 21,116	\$ 1,059,085	\$ 1,071,313	\$ 3,889,231
FUND BALANCES					
Restricted for:					
Visitor Promotion	\$ -	\$ -	\$ -	\$ 55,277	\$ 55,277
911 Emergency Services	-	-	-	92,432	92,432
Drug Education	-	-	-	1,882	1,882
Energy Grant	-	-	-	68,556	68,556
Debt Service	-	-	-	61,838	61,838
Preservation of Records	-	-	-	2,171	2,171
Committed to:					
Road Maintenance	-	21,116	-	355,000	376,116
Aid and Assistance	-	-	-	2,525	2,525
Employee Insurance	-	-	-	378,102	378,102
Reappraisal of Property	-	-	-	53,530	53,530
Assigned to:					
Other Purposes	-	-	1,059,085	-	1,059,085
Unassigned	1,737,717	-	-	-	1,737,717
TOTAL CASH BASIS FUND BALANCES	\$ 1,737,717	\$ 21,116	\$ 1,059,085	\$ 1,071,313	\$ 3,889,231

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, 2013

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Property Taxes	\$ 2,662,032	\$ -	\$ 230,549	\$ 236,190	\$ 3,128,771
Licenses and Permits	31,599	-	-	-	31,599
Interest	7,114	-	-	-	7,114
Intergovernmental	719,572	841,657	-	48,313	1,609,542
Charges for Services	231,047	-	-	2,871	233,918
Miscellaneous	44,179	13,968	-	64,283	122,430
TOTAL RECEIPTS	3,695,543	855,625	230,549	351,657	5,133,374
DISBURSEMENTS					
General Government	1,559,546	-	-	260,917	1,820,463
Public Safety	861,370	-	-	71,074	932,444
Public Works	66,462	1,275,261	-	-	1,341,723
Health and Sanitation	59,199	-	-	-	59,199
Public Assistance	115,243	-	-	2,133	117,376
Culture and Recreation	4,000	-	-	66,651	70,651
Debt Service:					
Principal Payments	-	-	-	55,000	55,000
Interest and Fiscal Charges	-	-	-	34,510	34,510
TOTAL DISBURSEMENTS	2,665,820	1,275,261	-	490,285	4,431,366
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	1,029,723	(419,636)	230,549	(138,628)	702,008
OTHER FINANCING SOURCES (USES)					
Transfers in	4,044	400,000	-	407,820	811,864
Transfers out	(793,910)	-	-	(17,954)	(811,864)
TOTAL OTHER FINANCING SOURCES (USES)	(789,866)	400,000	-	389,866	-
Net Change in Fund Balances	239,857	(19,636)	230,549	251,238	702,008
CASH BASIS FUND BALANCES - BEGINNING	1,497,860	40,752	828,536	820,075	3,187,223
CASH BASIS FUND BALANCES - ENDING	\$ 1,737,717	\$ 21,116	\$ 1,059,085	\$ 1,071,313	\$ 3,889,231

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, 2013

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 319,407
LIABILITIES	
Due to other governments	
State	121,222
Schools	154,062
Educational Service Units	1,607
Technical College	10,194
Natural Resource Districts	2,213
Fire Districts	1,622
Municipalities	27,949
Agricultural Society	444
Others	94
TOTAL LIABILITIES	319,407
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, 2013

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 \$34,278 toward the operation of the Region during fiscal year 2013. 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 the 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, Cum. Supp. 2012).

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 2013. 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) (Cum. Supp. 2012). 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. 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 non-exchange 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 non-major 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.

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.

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

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

C. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The accounting records of the County are maintained and the government-wide financial statements were reported on the basis of cash receipts and disbursements. As such, the measurement focus includes only those assets and fund balances arising from cash transactions on the Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis. Receipts are recognized when received and disbursements are recognized when 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 Position

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.

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.

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 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 position reports \$282,156 of restricted net position, of which \$151,762 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 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.

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Concluded)

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 \$3,489,903 for County funds and \$319,407 for Fiduciary funds. The bank balances for all funds totaled \$3,629,247. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2013, 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 \$399,328 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.

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.

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. Property Taxes (Concluded)

The levy set in October 2012, for the 2012 taxes, which will be materially collected in May and September 2013, was set at \$.382204/\$100 of assessed valuation. The levy set in October 2011, for the 2011 taxes, which were materially collected in May and September 2012, was set at \$.376193/\$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 2012) 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.

For the year ended June 30, 2013, 65 employees contributed \$76,752, and the County contributed \$113,950. Contributions included \$2,355 in cash contributions towards the supplemental law enforcement plan for 7 law enforcement employees. Lastly, the County paid \$564 directly to 10 retired employees for prior service benefits.

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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 79 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

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 2014. The County has not had to pay out any amounts that exceeded coverage provided by the pool in the last three fiscal years.

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

6. Interfund Transfers

Interfund transfers for the year ended June 30, 2013, consisted of the following:

Transfers to	Transfers from		Total
	General Fund	Non-major Funds	
Road Fund	\$ 400,000	\$ -	\$ 400,000
General Fund	-	4,044	4,044
Non-major Funds	393,910	13,910	407,820
Total	\$ 793,910	\$ 17,954	\$ 811,864

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 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 and again in September 2012, in the amount of \$590,000. The bond payable balance, as of June 30, 2013, was \$580,000. 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.

Future Payments:

Year	Principal	Interest	Total
2014	\$ 10,000	\$ 9,602	\$ 19,602
2015	55,000	9,538	64,538
2016	55,000	9,180	64,180
2017	55,000	8,740	63,740
2018	55,000	8,163	63,163
2019-2023	290,000	26,345	316,345
2024-2028	60,000	1,470	61,470
Total Payments	\$ 580,000	\$ 73,038	\$ 653,038

8. 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.

DAWES COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 2,803,890	\$ 2,803,890	\$ 2,662,032	\$ (141,858)
Licenses and Permits	31,020	31,020	31,599	579
Interest	9,000	9,000	7,114	(1,886)
Intergovernmental	310,600	310,600	719,572	408,972
Charges for Services	360,710	360,710	231,047	(129,663)
Miscellaneous	93,970	93,970	44,179	(49,791)
TOTAL RECEIPTS	3,609,190	3,609,190	3,695,543	86,353
DISBURSEMENTS				
General Government:				
County Board	74,640	74,640	72,397	2,243
County Clerk	131,420	132,202	132,202	-
County Treasurer	138,700	138,700	133,151	5,549
County Assessor	157,620	157,620	153,749	3,871
Election Commissioner	28,870	28,870	22,658	6,212
Planning and Zoning	14,200	15,396	15,396	-
Clerk of the District Court	81,470	81,470	78,332	3,138
County Court System	48,000	48,000	29,509	18,491
District Judge	51,700	51,700	30,742	20,958
Public Defender	76,050	76,050	73,407	2,643
Building and Grounds	100,090	100,090	93,658	6,432
Agricultural Extension Agent	61,990	61,990	53,684	8,306
Miscellaneous	1,127,863	1,088,279	670,661	417,618
Public Safety:				
County Sheriff	210,390	221,639	221,639	-
County Attorney	161,020	161,020	160,560	460
Communication Center	22,050	22,050	13,260	8,790
County Jail	241,800	241,800	237,210	4,590
Crawford Law Enforcement	142,210	154,655	154,655	-
County Attorney Child Support	41,870	41,870	32,327	9,543
Miscellaneous	104,720	104,720	41,719	63,001

(Continued)

DAWES COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public Works:				
County Surveyor	10,000	10,000	10,000	-
Noxious Weed Control	145,590	145,590	56,462	89,128
Public Health:				
Alcohol and Drug Abuse	19,000	27,066	27,066	-
Miscellaneous	30,208	30,208	32,133	(1,925)
Public Assistance:				
Veterans' Service Officer	76,910	82,110	77,943	4,167
Relief	16,700	17,346	17,346	-
Institutions	16,000	16,000	3,235	12,765
Miscellaneous	16,719	16,719	16,719	-
Culture and Recreation:				
Miscellaneous	4,000	4,000	4,000	-
TOTAL DISBURSEMENTS	<u>3,351,800</u>	<u>3,351,800</u>	<u>2,665,820</u>	<u>685,980</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>257,390</u>	<u>257,390</u>	<u>1,029,723</u>	<u>772,333</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	4,044	4,044
Transfers out	(1,355,250)	(1,355,250)	(793,910)	561,340
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,355,250)</u>	<u>(1,355,250)</u>	<u>(789,866)</u>	<u>565,384</u>
Net Change in Fund Balance	(1,097,860)	(1,097,860)	239,857	1,337,717
FUND BALANCE - BEGINNING	<u>1,497,860</u>	<u>1,497,860</u>	<u>1,497,860</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 400,000</u>	<u>\$ 400,000</u>	<u>\$ 1,737,717</u>	<u>\$ 1,337,717</u>

(Concluded)

DAWES COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 779,464	\$ 779,464	\$ 841,657	\$ 62,193
Miscellaneous	3,014	3,014	13,968	10,954
TOTAL RECEIPTS	782,478	782,478	855,625	73,147
DISBURSEMENTS	1,728,720	1,728,720	1,275,261	453,459
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(946,242)	(946,242)	(419,636)	526,606
OTHER FINANCING SOURCES (USES)				
Transfers in	1,305,490	1,305,490	400,000	(905,490)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	1,305,490	1,305,490	400,000	(905,490)
Net Change in Fund Balance	359,248	359,248	(19,636)	(378,884)
FUND BALANCE - BEGINNING	40,752	40,752	40,752	-
FUND BALANCE - ENDING	\$ 400,000	\$ 400,000	\$ 21,116	\$ (378,884)
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 51,464	\$ 51,464	\$ 230,549	\$ 179,085
TOTAL RECEIPTS	51,464	51,464	230,549	179,085
DISBURSEMENTS	880,000	880,000	-	880,000
Net Change in Fund Balance	(828,536)	(828,536)	230,549	1,059,085
FUND BALANCE - BEGINNING	828,536	828,536	828,536	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 1,059,085	\$ 1,059,085

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

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD CONSTRUCTION FUND				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	284,260	284,260	-	284,260
OTHER FINANCING SOURCES (USES)				
Transfers in	29,260	29,260	100,000	70,740
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	29,260	29,260	100,000	70,740
Net Change in Fund Balance	(255,000)	(255,000)	100,000	355,000
FUND BALANCE - BEGINNING	255,000	255,000	255,000	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 355,000</u>	<u>\$ 355,000</u>
VISITOR'S PROMOTION FUND				
RECEIPTS	\$ 88,521	\$ 88,521	\$ 84,359	\$ (4,162)
DISBURSEMENTS	116,500	116,500	66,651	49,849
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(13,910)	(13,910)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(13,910)	(13,910)
Net Change in Fund Balance	(27,979)	(27,979)	3,798	31,777
FUND BALANCE - BEGINNING	51,479	51,479	51,479	-
FUND BALANCE - ENDING	<u>\$ 23,500</u>	<u>\$ 23,500</u>	<u>\$ 55,277</u>	<u>\$ 31,777</u>
REAPPRAISAL FUND				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	87,500	87,500	33,970	53,530
OTHER FINANCING SOURCES (USES)				
Transfers in	17,500	17,500	17,500	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	17,500	17,500	17,500	-
Net Change in Fund Balance	(70,000)	(70,000)	(16,470)	53,530
FUND BALANCE - BEGINNING	70,000	70,000	70,000	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,530</u>	<u>\$ 53,530</u>

(Continued)

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

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VETERANS' AID FUND				
RECEIPTS	\$ 8	\$ 8	\$ 16	\$ 8
DISBURSEMENTS	7,600	7,600	2,133	5,467
OTHER FINANCING SOURCES (USES)				
Transfers in	3,000	3,000	3,615	615
Transfers out	-	-	(3,565)	(3,565)
TOTAL OTHER FINANCING SOURCES (USES)	3,000	3,000	50	(2,950)
Net Change in Fund Balance	(4,592)	(4,592)	(2,067)	2,525
FUND BALANCE - BEGINNING	4,592	4,592	4,592	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,525</u>	<u>\$ 2,525</u>
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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,882</u>	<u>\$ 1,882</u>
GRANT FUND				
RECEIPTS	\$ 72,123	\$ 72,123	\$ 40,679	\$ (31,444)
DISBURSEMENTS	100,000	100,000	-	100,000
Net Change in Fund Balance	(27,877)	(27,877)	40,679	68,556
FUND BALANCE - BEGINNING	27,877	27,877	27,877	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,556</u>	<u>\$ 68,556</u>
911 EMERGENCY FUND				
RECEIPTS	\$ 52,140	\$ 52,140	\$ 40,683	\$ (11,457)
DISBURSEMENTS	81,390	81,390	61,264	20,126
Net Change in Fund Balance	(29,250)	(29,250)	(20,581)	8,669
FUND BALANCE - BEGINNING	29,250	29,250	29,250	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,669</u>	<u>\$ 8,669</u>

(Continued)

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

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
WIRELESS 911 SERVICE FUND				
RECEIPTS	\$ 24,581	\$ 24,581	\$ 53,134	\$ 28,553
DISBURSEMENTS	65,020	65,020	9,810	55,210
Net Change in Fund Balance	(40,439)	(40,439)	43,324	83,763
FUND BALANCE - BEGINNING	40,439	40,439	40,439	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,763</u>	<u>\$ 83,763</u>
COURTHOUSE BOND FUND				
RECEIPTS	\$ 64,763	\$ 64,763	\$ 89,601	\$ 24,838
DISBURSEMENTS	69,000	89,510	89,510	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	6,510	6,510
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	6,510	6,510
Net Change in Fund Balance	(4,237)	(24,747)	6,601	31,348
FUND BALANCE - BEGINNING	55,237	55,237	55,237	-
FUND BALANCE - ENDING	<u>\$ 51,000</u>	<u>\$ 30,490</u>	<u>\$ 61,838</u>	<u>\$ 31,348</u>
PRESERVATION AND MODERNIZATION FUND				
RECEIPTS	\$ 3,000	\$ 3,000	\$ 2,871	\$ (129)
DISBURSEMENTS	3,000	3,000	700	2,300
Net Change in Fund Balance	-	-	2,171	2,171
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,171</u>	<u>\$ 2,171</u>
INSURANCE CLAIM FUND				
RECEIPTS	\$ 440,681	\$ 440,681	\$ 40,314	\$ (400,367)
DISBURSEMENTS	725,000	725,000	226,247	498,753
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	280,195	280,195
Transfers out	-	-	(479)	(479)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	279,716	279,716
Net Change in Fund Balance	(284,319)	(284,319)	93,783	378,102
FUND BALANCE - BEGINNING	284,319	284,319	284,319	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 378,102</u>	<u>\$ 378,102</u>

(Concluded)

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

For the Year Ended June 30, 2013

	Road Construction Fund	Visitor's Promotion Fund	Reappraisal Fund	Veterans' Aid Fund	Drug Education and Enforcement Fund	Grant Fund
RECEIPTS						
Property Taxes	\$ -	\$ 71,049	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	16	-	40,669
Charges for Services	-	-	-	-	-	-
Miscellaneous	-	13,310	-	-	-	10
TOTAL RECEIPTS	-	84,359	-	16	-	40,679
DISBURSEMENTS						
General Government	-	-	33,970	-	-	-
Public Safety	-	-	-	-	-	-
Public Assistance	-	-	-	2,133	-	-
Culture and Recreation	-	66,651	-	-	-	-
Debt Service:						
Principal Payments	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
TOTAL DISBURSEMENTS	-	66,651	33,970	2,133	-	-
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	-	17,708	(33,970)	(2,117)	-	40,679
OTHER FINANCING SOURCES (USES)						
Transfers in	100,000	-	17,500	3,615	-	-
Transfers out	-	(13,910)	-	(3,565)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	100,000	(13,910)	17,500	50	-	-
Net Change in Fund Balances	100,000	3,798	(16,470)	(2,067)	-	40,679
FUND BALANCES - BEGINNING	255,000	51,479	70,000	4,592	1,882	27,877
FUND BALANCES - ENDING	\$ 355,000	\$ 55,277	\$ 53,530	\$ 2,525	\$ 1,882	\$ 68,556
FUND BALANCES:						
Restricted for:						
Visitor Promotion	\$ -	\$ 55,277	\$ -	\$ -	\$ -	\$ -
911 Emergency Services	-	-	-	-	-	-
Drug Education	-	-	-	-	1,882	-
Energy Grant	-	-	-	-	-	68,556
Debt Service	-	-	-	-	-	-
Preservation of Records	-	-	-	-	-	-
Committed to:						
Road Maintenance	355,000	-	-	-	-	-
Aid and Assistance	-	-	-	2,525	-	-
Employee Insurance	-	-	-	-	-	-
Reappraisal of Property	-	-	53,530	-	-	-
TOTAL FUND BALANCES	\$ 355,000	\$ 55,277	\$ 53,530	\$ 2,525	\$ 1,882	\$ 68,556

(Continued)

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

For the Year Ended June 30, 2013

	911 Emergency Fund	Wireless 911 Service Fund	Courthouse Bond Fund	Preservation Modernization Fund	Insurance Claim Fund	Total Nonmajor Governmental Funds
RECEIPTS						
Property Taxes	\$ 40,660	\$ 53,134	\$ 71,347	\$ -	\$ -	\$ 236,190
Intergovernmental	-	-	7,628	-	-	48,313
Charges for Services	-	-	-	2,871	-	2,871
Miscellaneous	23	-	10,626	-	40,314	64,283
TOTAL RECEIPTS	40,683	53,134	89,601	2,871	40,314	351,657
DISBURSEMENTS						
General Government	-	-	-	700	226,247	260,917
Public Safety	61,264	9,810	-	-	-	71,074
Public Assistance	-	-	-	-	-	2,133
Culture and Recreation	-	-	-	-	-	66,651
Debt Service:						
Principal Payments	-	-	55,000	-	-	55,000
Interest and Fiscal Charges	-	-	34,510	-	-	34,510
TOTAL DISBURSEMENTS	61,264	9,810	89,510	700	226,247	490,285
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(20,581)	43,324	91	2,171	(185,933)	(138,628)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	6,510	-	280,195	407,820
Transfers out	-	-	-	-	(479)	(17,954)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	6,510	-	279,716	389,866
Net Change in Fund Balances	(20,581)	43,324	6,601	2,171	93,783	251,238
FUND BALANCES - BEGINNING	29,250	40,439	55,237	-	284,319	820,075
FUND BALANCES - ENDING	\$ 8,669	\$ 83,763	\$ 61,838	\$ 2,171	\$ 378,102	\$ 1,071,313
FUND BALANCES:						
Restricted for:						
Visitor Promotion	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,277
911 Emergency Services	8,669	83,763	-	-	-	92,432
Drug Education	-	-	-	-	-	1,882
Energy Grant	-	-	-	-	-	68,556
Debt Service	-	-	61,838	-	-	61,838
Preservation of Records	-	-	-	2,171	-	2,171
Committed to:						
Road Maintenance	-	-	-	-	-	355,000
Aid and Assistance	-	-	-	-	-	2,525
Employee Insurance	-	-	-	-	378,102	378,102
Reappraisal of Property	-	-	-	-	-	53,530
TOTAL FUND BALANCES	\$ 8,669	\$ 83,763	\$ 61,838	\$ 2,171	\$ 378,102	\$ 1,071,313

(Concluded)

DAWES COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2013

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Veterans' Service Officer	County Health Insurance	Total
BALANCES JULY 1, 2012	\$ 12,767	\$ 23,695	\$ 5,868	\$ 156	\$ 2,139	\$ 65,838	\$ 110,463
RECEIPTS							
Licenses and Permits	976	-	710	-	-	-	1,686
Intergovernmental	-	-	-	-	5,467	-	5,467
Charges for Services	54,702	10,703	29,461	-	-	-	94,866
Miscellaneous	-	-	1,782	-	-	386,063	387,845
State Fees	47,675	8,342	-	-	-	-	56,017
Other Liabilities	-	138,784	13,237	6,441	-	10,512	168,974
TOTAL RECEIPTS	103,353	157,829	45,190	6,441	5,467	396,575	714,855
DISBURSEMENTS							
Payments to County Treasurer	57,831	9,590	26,276	-	-	-	93,697
Payments to State Treasurer	52,801	7,375	-	-	-	-	60,176
Other Liabilities	-	121,899	13,977	5,583	2,090	291,608	435,157
TOTAL DISBURSEMENTS	110,632	138,864	40,253	5,583	2,090	291,608	589,030
BALANCES JUNE 30, 2013	<u>\$ 5,488</u>	<u>\$ 42,660</u>	<u>\$ 10,805</u>	<u>\$ 1,014</u>	<u>\$ 5,516</u>	<u>\$ 170,805</u>	<u>\$ 236,288</u>
BALANCES CONSIST OF:							
Due to County Treasurer	\$ 3,652	\$ 1,666	\$ 10,456	\$ -	\$ 5,516	\$ 159,816	\$ 181,106
Petty Cash	200	-	-	-	-	-	200
Due to State Treasurer	1,636	1,270	-	-	-	-	2,906
Due to Others	-	39,724	349	1,014	-	10,989	52,076
BALANCES JUNE 30, 2013	<u>\$ 5,488</u>	<u>\$ 42,660</u>	<u>\$ 10,805</u>	<u>\$ 1,014</u>	<u>\$ 5,516</u>	<u>\$ 170,805</u>	<u>\$ 236,288</u>

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

June 30, 2013

Item	2008	2009	2010	2011	2012
Tax Certified by Assessor					
Real Estate	\$ 9,140,340	\$ 9,235,342	\$ 10,070,709	\$ 10,039,530	\$ 9,706,195
Personal and Specials	1,010,982	1,082,883	1,152,097	1,243,860	1,370,147
Total	<u>10,151,322</u>	<u>10,318,225</u>	<u>11,222,806</u>	<u>11,283,390</u>	<u>11,076,342</u>
Corrections					
Additions	6,814	7,523	5,903	7,568	1,464
Deductions	(11,115)	(11,353)	(9,412)	(10,212)	(4,319)
Net (Deductions)	<u>(4,301)</u>	<u>(3,830)</u>	<u>(3,509)</u>	<u>(2,644)</u>	<u>(2,855)</u>
Corrected Certified Tax	<u>10,147,021</u>	<u>10,314,395</u>	<u>11,219,297</u>	<u>11,280,746</u>	<u>11,073,487</u>
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2009	5,795,129	-	-	-	-
June 30, 2010	4,333,907	5,860,148	-	-	-
June 30, 2011	3,223	4,437,895	6,265,818	-	-
June 30, 2012	2,499	7,041	4,942,383	6,364,920	-
June 30, 2013	<u>1,518</u>	<u>2,551</u>	<u>7,021</u>	<u>4,906,356</u>	<u>6,307,951</u>
Total Net Collections	<u>10,136,276</u>	<u>10,307,635</u>	<u>11,215,222</u>	<u>11,271,276</u>	<u>6,307,951</u>
Total Uncollected Tax	<u>\$ 10,745</u>	<u>\$ 6,760</u>	<u>\$ 4,075</u>	<u>\$ 9,470</u>	<u>\$ 4,765,536</u>
Percentage Uncollected Tax	<u>0.11%</u>	<u>0.07%</u>	<u>0.04%</u>	<u>0.08%</u>	<u>43.04%</u>



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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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 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 Dawes County as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Dawes County's basic financial statements, and have issued our report thereon dated December 16, 2013. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Dawes County's internal control over financial reporting (internal control) to determine the 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 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

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. We consider the following deficiency to be a material weakness:

- 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.

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*.

Additional Items

We also noted certain matters that we reported to management of Dawes County in a separate letter dated December 16, 2013.

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 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.

SIGNED ORIGINAL ON FILE

December 16, 2013

Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

**MANAGEMENT LETTER
OF
DAWES COUNTY**

JULY 1, 2012 THROUGH JUNE 30, 2013



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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December 16, 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, 2013, and have issued our report thereon dated December 16, 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 areas as follows:

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.

Petty Cash Procedures

During our audit the following was noted:

- The Clerk maintained \$200 in her petty cash fund as of June 30, 2013, but was only authorized \$100 by the County Board as reflected in the Budget Message.
- The Veterans' Service Officer had \$5,516 in his petty cash fund as of June 30, 2013, but was not authorized to have a petty cash fund by the County Board. The Veterans' Service Officer was also not reconciling his account to a set dollar amount.

Neb. Rev. Stat. § 23-106 (Reissue 2012) gives the County Board the sole authority to establish petty cash funds for the purpose of making payments for subsidiary general operational expenditures and purchases. The Board is required to set, by resolution of the Board, the amount of the petty cash funds and include such authorization in the County Board budget message. Furthermore, good internal control requires all petty cash funds be maintained at the authorized amount. When petty cash amounts are not maintained at the approved amount, there is an increased risk of error or loss of funds.

We recommend all petty cash funds approved be included on the County Board budget message and maintained at the authorized amount.

County's Response: The County Board has adopted a resolution regarding the County Clerk's petty cash fund. The Veterans' Service Officer has balanced his checking account and remitted any excess to the County Treasurer.

COUNTY BOARD

County Vehicle Usage

During our audit we noted that County employees who commute to work with County vehicles do not have this benefit added as a taxable wage.

Internal Revenue Service (IRS) Publication 15-B outlines that employees allowed to use County vehicles for commuting and personal use must have the benefit added as a taxable wage to the employee unless the vehicle meets specific qualifications. The vehicles driven by County employees do not meet the specific qualifications outlined by the IRS; therefore, this benefit should be included as a taxable wage. The IRS requires employees who commute utilizing nonqualified vehicles be assessed \$1.50 for each commute trip, or \$3.00 per day.

We recommend the County Board follow IRS requirements and include the \$3.00 per day as a wage, or discontinue allowing the employee to use a County vehicle for personal/commuting purposes.

County Attorney Salary

During our audit we noted the County Attorney was paid an additional \$872 in October 2012. The additional payment caused the County Attorney to be paid over the amount set in the resolution approved by the County Board in 2009.

Neb. Rev. Stat. § 23-1114 (Reissue 2012) states, “The salaries of all elected officers of the county shall be fixed by the county board prior to January 15 of the year in which a general election will be held for the respective offices.”

When procedures are not in place to ensure the correct amount is paid to employees, there is an increased risk of loss or misuse of funds.

We recommend the County collect the overpayment from the County Attorney and that procedures be put in place to make sure officials are not paid more than the County Board resolution allows.

County’s Response: The County Attorney has paid back all overpayment of wages except \$72.32, which will be paid in full.

COUNTY TREASURER

Manual Change Audit Listing

When a manual change occurs in the State Vehicle Titling and Registration (VTR) system, the manual change is recorded on an audit change report. During testing of the changes listed on the report, we noted the following:

- One registration was voided to change the vehicle weight, but voiding the registration caused the system to reflect a change of \$7814 in interest. The individual paid timely, so no interest was owed or collected, but the system reflected interest. This error was not caught by the County Treasurer due to lack of review of the audit change report.

Good internal controls require that any system that allows changes manually, be reviewed by another individual to prevent error or fraud and to insure system records correctly reflect financial activity.

We recommend a monthly review be performed of the manual change audit listing to ensure changes are appropriate.

ACH Authorization Forms

The County Treasurer remits funds collected for other political subdivisions by electronic bank transfers using information and approval from an ACH authorization form. During our audit we noted:

- For 8 of 19 political subdivisions receiving electronic bank transfers, no ACH authorization form was on file.
- For 2 of the 19 political subdivisions, the ACH authorization form was outdated or incorrect.

Good internal controls require a signed and current ACH authorization form to be on file for any subdivisions receiving electronic payments to insure funds are going to the appropriate bank account.

We recommend signed authorization forms be kept on file for all political subdivisions receiving electronic bank payments. This may include several for the same political subdivision if each fund has a different bank account number.

COUNTY ATTORNEY

Balancing Procedures

During testing we noted the following:

- The County Attorney has not implemented proper balancing procedures for the office bank account. At June 30, 2013, the County Attorney check register showed a balance of \$156 while the reconciled bank statement had a balance of \$1,014.
- The entire reconciled bank balance of \$1,014 consisted of outstanding checks from trust funds received that appear to be unclaimed and may need to be remitted to the State as Unclaimed Property.
- The County Attorney's receipting procedures were not always adequate. One instance noted \$460 in cash being returned through the mail and another instance where a fee of \$20 received was not properly receipted.

A good internal control requires procedures be in place to ensure records are reconciled with the bank statements each month and any outstanding balances are followed up on in a timely manner. Sound business practices include issuing receipts for all monies received and not sending cash refunds through the mail. When good procedures are not in place over banking or receipt processes, there is an increased risk of error or loss of funds.

We recommend the County Attorney's office implement balancing procedures to reconcile office records to the bank balance each month. In addition, we recommend the County Attorney determine to whom the extra funds in the bank belong and pay the individual/business or remit the funds to the State Unclaimed Property. Finally, we recommend that a receipt be issued for all monies received, and refunds be issued by check.

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