

**AUDIT REPORT
OF
DAWES COUNTY**

JULY 1, 2015 THROUGH JUNE 30, 2016

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Issued on September 6, 2016

DAWES COUNTY

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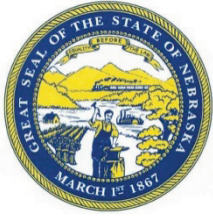
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DAWES COUNTY

LIST OF COUNTY OFFICIALS

At June 30, 2016

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	Webb Johnson	Jan. 2017
	Valentin Rivera	Jan. 2019
	Jake Stewart	Jan. 2019
Assessor	Roberta Coleman	Jan. 2019
Attorney	Vance Haug	Jan. 2019
Clerk Election Commissioner Register of Deeds	Cheryl Feist	Jan. 2019
Clerk of the District Court	Sharon Harrison	Jan. 2019
Public Defender	Jerrold Jaeger	Jan. 2019
Sheriff	Karl Dailey	Jan. 2019
Treasurer	Barbara Sebesta	Jan. 2019
Veterans' Service Officer	Alan Connell	Appointed
Weed Superintendent	Dan Wordekemper	Appointed
Highway Superintendent	Larry Hankin	Appointed
Tourism Director	Kristina Harter	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, 2016, 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, 2016, 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.

Emphasis of Matters – Basis of Accounting

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

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 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.

The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, pages 20-30, are the responsibility of management and were derived from, and relate 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2016, 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* in considering Dawes County's internal control over financial reporting and compliance.

September 2, 2016

A handwritten signature in black ink that reads "Deann Haeffner CPA". The signature is fluid and cursive, with the letters "CPA" written in a slightly more formal, blocky style at the end.

Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

DAWES COUNTY
STATEMENT OF NET POSITION - CASH BASIS
June 30, 2016

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 3,508,753
Investments (Note 1.D)	99,471
TOTAL ASSETS	<u><u>\$ 3,608,224</u></u>
 NET POSITION	
Restricted for:	
Visitor Promotion	\$ 106,798
911 Emergency Services	179,146
Drug Education	1,882
Preservation of Records	9,233
Debt Service	109,498
Road Maintenance	119,518
Unrestricted	3,082,149
TOTAL NET POSITION	<u><u>\$ 3,608,224</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, 2016

Functions:	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ (2,450,980)	\$ 212,833	\$ 55,574	\$ (2,182,573)
Public Safety	(1,134,859)	221,393	31,473	(881,993)
Public Works	(2,480,538)	-	877,526	(1,603,012)
Health and Sanitation	(22,235)	-	-	(22,235)
Public Assistance	(139,285)	-	-	(139,285)
Culture and Recreation	(119,304)	-	-	(119,304)
Debt Payments	(64,180)	-	-	(64,180)
Total Governmental Activities	<u>\$ (6,411,381)</u>	<u>\$ 434,226</u>	<u>\$ 964,573</u>	<u>(5,012,582)</u>
General Receipts:				
Property Taxes				3,278,273
Grants and Contributions Not Restricted to Specific Programs				563,764
Investment Income				25,653
Licenses and Permits				26,971
Miscellaneous				31,242
Total General Receipts				<u>3,925,903</u>
Increase in Net Position				(1,086,679)
Net Position - Beginning of year				4,694,903
Net Position - End of year				<u>\$ 3,608,224</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, 2016

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents (Note 1.D)	\$ 1,019,338	\$ 192,816	\$ 1,575,872	\$ 720,727	\$ 3,508,753
Investments (Note 1.D)	-	-	99,471	-	99,471
TOTAL ASSETS	<u>\$ 1,019,338</u>	<u>\$ 192,816</u>	<u>\$ 1,675,343</u>	<u>\$ 720,727</u>	<u>\$ 3,608,224</u>
FUND BALANCES					
Restricted for:					
Visitor Promotion	-	-	-	106,798	106,798
911 Emergency Services	-	-	-	179,146	179,146
Drug Education	-	-	-	1,882	1,882
Preservation of Records	-	-	-	9,233	9,233
Debt Service	-	-	-	109,498	109,498
Road Maintenance	-	-	-	119,518	119,518
Committed to:					
Road Maintenance	-	192,816	-	102,153	294,969
Aid and Assistance	-	-	-	24,579	24,579
Appraisal of Property	-	-	-	67,920	67,920
Assigned to:					
Other Purposes	-	-	1,675,343	-	1,675,343
Unassigned	1,019,338	-	-	-	1,019,338
TOTAL CASH BASIS FUND BALANCES	<u>\$ 1,019,338</u>	<u>\$ 192,816</u>	<u>\$ 1,675,343</u>	<u>\$ 720,727</u>	<u>\$ 3,608,224</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, 2016

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Property Taxes	\$ 2,783,732	\$ -	\$ 186,939	\$ 307,602	\$ 3,278,273
Licenses and Permits	26,971	-	-	-	26,971
Investment Income	25,653	-	-	-	25,653
Intergovernmental	513,552	879,094	-	135,691	1,528,337
Charges for Services	429,253	-	-	4,973	434,226
Miscellaneous	26,067	5,050	-	125	31,242
TOTAL RECEIPTS	3,805,228	884,144	186,939	448,391	5,324,702
DISBURSEMENTS					
General Government	2,232,993	-	169,000	48,987	2,450,980
Public Safety	1,042,845	-	-	92,014	1,134,859
Public Works	145,491	1,830,340	-	504,707	2,480,538
Health and Sanitation	22,235	-	-	-	22,235
Public Assistance	136,685	-	-	2,600	139,285
Culture and Recreation	4,000	-	-	115,304	119,304
Debt Service:					
Principal Payments	-	-	-	55,000	55,000
Interest and Fiscal Charges	-	-	-	9,180	9,180
TOTAL DISBURSEMENTS	3,584,249	1,830,340	169,000	827,792	6,411,381
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	220,979	(946,196)	17,939	(379,401)	(1,086,679)
OTHER FINANCING SOURCES (USES)					
Transfers in	175,072	1,000,000	-	31,014	1,206,086
Transfers out	(1,017,895)	-	(170,000)	(18,191)	(1,206,086)
TOTAL OTHER FINANCING SOURCES (USES)	(842,823)	1,000,000	(170,000)	12,823	-
Net Change in Fund Balances	(621,844)	53,804	(152,061)	(366,578)	(1,086,679)
CASH BASIS FUND BALANCES - BEGINNING	1,641,182	139,012	1,827,404	1,087,305	4,694,903
CASH BASIS FUND BALANCES - ENDING	\$ 1,019,338	\$ 192,816	\$ 1,675,343	\$ 720,727	\$ 3,608,224

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, 2016

	<u>Agency Funds</u>
ASSETS	
Cash and Cash Equivalents	<u>\$ 585,060</u>
 LIABILITIES	
Due to other governments	
State	144,752
Schools	215,163
Educational Service Units	2,527
Technical College	15,409
Natural Resource Districts	2,851
Fire Districts	2,510
Municipalities	41,967
Agricultural Society	610
Others	159,271
TOTAL LIABILITIES	<u>585,060</u>
 TOTAL NET ASSETS	 <u><u>\$ -</u></u>

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, 2016

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 that are either fiscally dependent on the County or maintain a significant relationship with the County, such that exclusion would be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County.

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 \$36,488 toward the operation of the Region during fiscal year 2016. 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. The agreement was established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636 (Reissue 2009, Cum. Supp. 2014).

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 2016. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Supp. 2015). Financial information for the Department is available in that report.

Interlocal Agreement. Dawes County has entered into an interlocal agreement with the City of Crawford, Nebraska, to provide police services in addition to the general jurisdiction and law enforcement services otherwise provided. The City of Crawford paid the County a sum of \$198,058 for the year ended June 30, 2016. The agreement was originally entered into in 2011 and has been renewed annually since then.

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 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 the following: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as general receipts.

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

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

The County reports the following major governmental funds:

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

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

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

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 Fund. The Courthouse Bond Payment 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 follows:

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

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

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

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

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

C. **Measurement Focus, Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The accounting records of the County are maintained and the government-wide financial statements were reported on the basis of cash receipts and disbursements. As such, the measurement focus includes only those assets and fund balances arising from cash transactions on the Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis. Receipts are recognized when received, and disbursements are recognized when 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 requires governmental fund financial statements to be reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this measurement focus and basis of accounting, receipts are recognized as soon as they are both measurable and available. Receipts are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Disbursements are generally recorded when a liability is incurred, as under accrual accounting. However, disbursements related to compensated absences and claims and judgments are recorded only when payment is due.

D. **Assets and Net Position**

Cash and Cash Equivalents. The County's cash and cash equivalents are considered to be cash on hand 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 Position. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$526,075 of restricted net position, which was all 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

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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.

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.

Excess of Disbursements Over Appropriations. For the year ended June 30, 2016, disbursements exceeded budgeted appropriations in the Visitor Promotion and E911 Funds by \$13,419 and \$1,979, respectively. These over-expenditures were funded by the available fund balance in each Fund.

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 \$3,508,753 for County funds and \$585,060 for Fiduciary funds. The bank balances for all funds totaled \$3,937,858. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2016, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

The County's carrying value of investments is stated at cost, which approximates market. Investments consisted of \$99,471 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 that has accrued to each participant is converted as of the close of business of each calendar month into additional units, which thereafter are held in each participant's trust account. Since net income of the fund is allocated among participants each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name.

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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 they become delinquent in two equal installments on May 1 and September 1. Motor vehicle taxes are due when application is made for registration of a motor vehicle.

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

The levy set in October 2015, for the 2015 taxes, which will be materially collected in May and September 2016, was set at \$.342529/\$100 of assessed valuation. The levy set in October 2014, for the 2014 taxes, which were materially collected in May and September 2015, was set at \$.363898/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

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

4. **Retirement System**

The Retirement System for Nebraska Counties (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 23-2334 (Reissue 2012, Cum. Supp. 2014, Supp. 2015) 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

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

account is fully vested after three years of participation in the system or credit for participation in another governmental plan prior to actual contribution to the Plan. Non-vested County contributions are forfeited upon termination. Forfeitures are used to cover a portion of the pension plan's administrative expenses. Prior service benefits are paid directly by the County to the retired employee.

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, 2016, 66 employees contributed \$92,563, and the County contributed \$137,409. Contributions included \$2,869 in cash contributions towards the supplemental law enforcement plan for seven law enforcement employees. Lastly, the County paid \$984 directly to 12 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 80 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 60 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.

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

5. Risk Management (Concluded)

	NIRMA Coverage	Maximum Coverage
General Liability Claim	\$ 300,000	\$ 5,000,000
Workers' Compensation Claim	\$ 550,000	Statutory Limits
Property Damage Claim	\$ 250,000	Insured Value at Replacement Cost

The County has not paid any additional assessments to the pool in the last three fiscal years, and no assessments are anticipated for fiscal year 2017. 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, 2016, consisted of the following:

Transfers to	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
Road Fund	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
Inheritance Fund	-	-	-	-
General Fund	-	170,000	5,072	175,072
Nonmajor Funds	17,895	-	13,119	31,014
Total	<u>\$ 1,017,895</u>	<u>\$ 170,000</u>	<u>\$ 18,191</u>	<u>\$ 1,206,086</u>

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

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 in July 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, 2016, was \$460,000. Interest rates 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
(Concluded)

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

Future Payments:

Year	Principal	Interest	Total
2017	\$ 55,000	\$ 8,740	\$ 63,740
2018	55,000	8,163	63,163
2019	60,000	7,420	67,420
2020	55,000	6,430	61,430
2021	55,000	5,385	60,385
2022-2024	180,000	8,580	188,580
Total Payments	<u>\$ 460,000</u>	<u>\$ 44,718</u>	<u>\$ 504,718</u>

DAWES COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 3,000,590	\$ 3,000,590	\$ 2,783,732	\$ (216,858)
Licenses and Permits	24,730	24,730	26,971	2,241
Interest	7,000	7,000	25,653	18,653
Intergovernmental	272,800	272,800	513,552	240,752
Charges for Services	396,150	396,150	429,253	33,103
Miscellaneous	27,998	27,998	26,067	(1,931)
TOTAL RECEIPTS	3,729,268	3,729,268	3,805,228	75,960
DISBURSEMENTS				
General Government:				
County Board	90,840	90,840	85,337	5,503
County Clerk	149,930	149,930	145,138	4,792
County Treasurer	151,360	151,360	150,068	1,292
County Assessor	172,290	172,290	171,992	298
Election Commissioner	25,300	25,300	15,885	9,415
Building and Zoning	15,310	16,288	16,288	-
Clerk of the District Court	85,050	85,816	85,816	-
County Court System	49,800	49,800	48,865	935
District Judge	39,300	39,300	36,702	2,598
Public Defender	85,690	85,690	85,412	278
Building and Grounds	95,400	95,400	83,033	12,367
Agricultural Extension Agent	76,520	76,520	76,516	4
Miscellaneous	1,465,902	1,400,890	1,231,941	168,949
Public Safety				
County Sheriff	265,150	265,150	260,452	4,698
County Attorney	167,140	167,140	163,977	3,163
Communication Center	35,950	35,950	28,941	7,009
County Jail	275,310	338,578	338,578	-
Crawford Law Enforcement	151,840	151,840	151,273	567
County Attorney -Child Support	41,760	41,760	39,324	2,436
Miscellaneous	65,279	65,279	60,300	4,979
Public Works				
County Surveyor	20,000	20,000	19,546	454
Noxious Weed Control	142,160	142,160	125,945	16,215
Public Health				
Alcohol and Drug Abuse	23,000	23,000	22,235	765
Public Assistance				
Veterans' Service Officer	85,540	85,540	79,747	5,793
Relief	20,200	20,200	7,885	12,315
Institutions	11,000	11,000	1,829	9,171
Miscellaneous	48,949	48,949	47,224	1,725

DAWES COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DISBURSEMENTS (Continued)				
Culture and Recreation				
Miscellaneous	4,000	4,000	4,000	-
TOTAL DISBURSEMENTS	<u>3,859,970</u>	<u>3,859,970</u>	<u>3,584,249</u>	<u>275,721</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(130,702)</u>	<u>(130,702)</u>	<u>220,979</u>	<u>351,681</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	170,000	170,000	175,072	5,072
Transfers out	<u>(1,205,480)</u>	<u>(1,205,480)</u>	<u>(1,017,895)</u>	<u>187,585</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,035,480)</u>	<u>(1,035,480)</u>	<u>(842,823)</u>	<u>192,657</u>
Net Change in Fund Balance	(1,166,182)	(1,166,182)	(621,844)	544,338
FUND BALANCE - BEGINNING	<u>1,641,182</u>	<u>1,641,182</u>	<u>1,641,182</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ 475,000</u></u>	<u><u>\$ 475,000</u></u>	<u><u>\$ 1,019,338</u></u>	<u><u>\$ 544,338</u></u>

(Concluded)

DAWES COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 1,045,089	\$ 1,045,089	\$ 879,094	\$ (165,995)
Miscellaneous	179	179	5,050	4,871
TOTAL RECEIPTS	1,045,268	1,045,268	884,144	(161,124)
DISBURSEMENTS	1,980,760	1,980,760	1,830,340	150,420
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(935,492)	(935,492)	(946,196)	(10,704)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,196,480	1,196,480	1,000,000	(196,480)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	1,196,480	1,196,480	1,000,000	(196,480)
Net Change in Fund Balance	260,988	260,988	53,804	(207,184)
FUND BALANCE - BEGINNING	139,012	139,012	139,012	-
FUND BALANCE - ENDING	\$ 400,000	\$ 400,000	\$ 192,816	\$ (207,184)
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 52,596	\$ 52,596	\$ 186,939	\$ 134,343
TOTAL RECEIPTS	52,596	52,596	186,939	134,343
DISBURSEMENTS	1,710,000	1,710,000	169,000	1,541,000
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(1,657,404)	(1,657,404)	17,939	1,675,343
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(170,000)	(170,000)	(170,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(170,000)	(170,000)	(170,000)	-
Net Change in Fund Balance	(1,827,404)	(1,827,404)	(152,061)	1,675,343
FUND BALANCE - BEGINNING	1,827,404	1,827,404	1,827,404	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 1,675,343	\$ 1,675,343

DAWES COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUYBACK PROGRAM FUND				
Receipts	\$ 89,265	\$ 89,265	\$ 98,183	\$ 8,918
Disbursements	(151,860)	(151,860)	(151,860)	-
Net Change in Fund Balance	(62,595)	(62,595)	(53,677)	8,918
Fund Balance - Beginning	173,195	173,195	173,195	-
Fund Balance - Ending	<u>\$ 110,600</u>	<u>\$ 110,600</u>	<u>\$ 119,518</u>	<u>\$ 8,918</u>
ROAD CONSTRUCTION FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(403,000)	(403,000)	(352,847)	50,153
Net Change in Fund Balance	(403,000)	(403,000)	(352,847)	50,153
Fund Balance - Beginning	455,000	455,000	455,000	-
Fund Balance - Ending	<u>\$ 52,000</u>	<u>\$ 52,000</u>	<u>\$ 102,153</u>	<u>\$ 50,153</u>
VISITOR PROMOTION FUND				
Receipts	\$ 75,955	\$ 75,955	\$ 85,147	\$ 9,192
Disbursements	(87,090)	(87,090)	(95,437)	(8,347)
Transfers in	-	-	13,119	13,119
Transfers out	-	-	(5,072)	(5,072)
Net Change in Fund Balance	(11,135)	(11,135)	(2,243)	8,892
Fund Balance - Beginning	19,045	19,045	19,045	-
Fund Balance - Ending	<u>\$ 7,910</u>	<u>\$ 7,910</u>	<u>\$ 16,802</u>	<u>\$ 8,892</u>
VISITOR IMPROVEMENT FUND				
Receipts	\$ 76,041	\$ 76,041	\$ 85,023	\$ 8,982
Disbursements	(86,000)	(86,000)	(19,867)	66,133
Transfers out	-	-	(13,119)	(13,119)
Net Change in Fund Balance	(9,959)	(9,959)	52,037	61,996
Fund Balance - Beginning	37,959	37,959	37,959	-
Fund Balance - Ending	<u>\$ 28,000</u>	<u>\$ 28,000</u>	<u>\$ 89,996</u>	<u>\$ 61,996</u>
REAPPRAISAL FUND				
Receipts	\$ 7	\$ 7	\$ -	\$ (7)
Disbursements	(114,620)	(114,620)	(46,693)	67,927
Net Change in Fund Balance	(114,613)	(114,613)	(46,693)	67,920
Fund Balance - Beginning	114,613	114,613	114,613	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,920</u>	<u>\$ 67,920</u>

(Continued)

DAWES COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
PRESERVATION AND MODERNIZATION FUND				
Receipts	\$ 3,446	\$ 3,446	\$ 4,973	\$ 1,527
Disbursements	(10,000)	(10,000)	(2,294)	7,706
Net Change in Fund Balance	(6,554)	(6,554)	2,679	9,233
Fund Balance - Beginning	6,554	6,554	6,554	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,233</u>	<u>\$ 9,233</u>
VETERANS' AID FUND				
Receipts	\$ 3,037	\$ 3,037	\$ 16	\$ (3,021)
Disbursements	(7,200)	(7,200)	(2,600)	4,600
Transfers in	9,000	9,000	9,000	-
Net Change in Fund Balance	4,837	4,837	6,416	1,579
Fund Balance - Beginning	18,163	18,163	18,163	-
Fund Balance - Ending	<u>\$ 23,000</u>	<u>\$ 23,000</u>	<u>\$ 24,579</u>	<u>\$ 1,579</u>
DRUG LAW ENFORCEMENT EDUCATION 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	\$ 50,000	\$ 50,000	\$ 31,473	\$ (18,527)
Disbursements	(50,000)	(50,000)	(40,368)	9,632
Transfers in	-	-	8,895	8,895
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
911 EMERGENCY MANAGEMENT FUND				
Receipts	\$ 35,082	\$ 35,082	\$ 33,301	\$ (1,781)
Disbursements	(31,000)	(31,000)	(32,979)	(1,979)
Net Change in Fund Balance	4,082	4,082	322	(3,760)
Fund Balance - Beginning	15,918	15,918	15,918	-
Fund Balance - Ending	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 16,240</u>	<u>\$ (3,760)</u>

(Continued)

DAWES COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
WIRELESS 911 FUND				
Receipts	\$ 42,457	\$ 42,457	\$ 49,030	\$ 6,573
Disbursements	(75,000)	(75,000)	(18,667)	56,333
Net Change in Fund Balance	(32,543)	(32,543)	30,363	62,906
Fund Balance - Beginning	132,543	132,543	132,543	-
Fund Balance - Ending	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 162,906</u>	<u>\$ 62,906</u>
COURTHOUSE BOND PAYMENT FUND				
Receipts	\$ 57,567	\$ 57,567	\$ 61,245	\$ 3,678
Disbursements	(70,000)	(70,000)	(64,180)	5,820
Net Change in Fund Balance	(12,433)	(12,433)	(2,935)	9,498
Fund Balance - Beginning	112,433	112,433	112,433	-
Fund Balance - Ending	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 109,498</u>	<u>\$ 9,498</u>

(Concluded)

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

For the Year Ended June 30, 2016

	Buyback Program Fund	Road Construction Fund	Visitor Promotion Fund	Visitor Improvement Fund
RECEIPTS				
Property Taxes	\$ -	\$ -	\$ 85,022	\$ 85,023
Intergovernmental	98,183	-	-	-
Charges for Services	-	-	-	-
Miscellaneous	-	-	125	-
TOTAL RECEIPTS	<u>98,183</u>	<u>-</u>	<u>85,147</u>	<u>85,023</u>
DISBURSEMENTS				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	151,860	352,847	-	-
Public Assistance	-	-	-	-
Culture and Recreation	-	-	95,437	19,867
Debt Service:				
Principal Payments	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
TOTAL DISBURSEMENTS	<u>151,860</u>	<u>352,847</u>	<u>95,437</u>	<u>19,867</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(53,677)</u>	<u>(352,847)</u>	<u>(10,290)</u>	<u>65,156</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	13,119	-
Transfers out	-	-	(5,072)	(13,119)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>8,047</u>	<u>(13,119)</u>
Net Change in Fund Balances	(53,677)	(352,847)	(2,243)	52,037
FUND BALANCES - BEGINNING	<u>173,195</u>	<u>455,000</u>	<u>19,045</u>	<u>37,959</u>
FUND BALANCES - ENDING	<u>\$ 119,518</u>	<u>\$ 102,153</u>	<u>\$ 16,802</u>	<u>\$ 89,996</u>
FUND BALANCES:				
Restricted for:				
Visitor Promotion	-	-	16,802	89,996
911 Emergency Services	-	-	-	-
Drug Education	-	-	-	-
Preservation of Records	-	-	-	-
Debt Service	-	-	-	-
Road Maintenance	119,518	-	-	-
Committed to:				
Road Maintenance	-	102,153	-	-
Aid and Assistance	-	-	-	-
Appraisal of Property	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 119,518</u>	<u>\$ 102,153</u>	<u>\$ 16,802</u>	<u>\$ 89,996</u>

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

For the Year Ended June 30, 2016

	Reappraisal Fund	Preservation and Modernization Fund	Veterans' Aid Fund	Drug Law Enforcement Education Fund	Grant Fund
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	16	-	31,473
Charges for Services	-	4,973	-	-	-
Miscellaneous	-	-	-	-	-
TOTAL RECEIPTS	<u>-</u>	<u>4,973</u>	<u>16</u>	<u>-</u>	<u>31,473</u>
DISBURSEMENTS					
General Government	46,693	2,294	-	-	-
Public Safety	-	-	-	-	40,368
Public Works	-	-	-	-	-
Public Assistance	-	-	2,600	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>46,693</u>	<u>2,294</u>	<u>2,600</u>	<u>-</u>	<u>40,368</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(46,693)</u>	<u>2,679</u>	<u>(2,584)</u>	<u>-</u>	<u>(8,895)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	9,000	-	8,895
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>9,000</u>	<u>-</u>	<u>8,895</u>
Net Change in Fund Balances	(46,693)	2,679	6,416	-	-
FUND BALANCES - BEGINNING	<u>114,613</u>	<u>6,554</u>	<u>18,163</u>	<u>1,882</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 67,920</u>	<u>\$ 9,233</u>	<u>\$ 24,579</u>	<u>\$ 1,882</u>	<u>\$ -</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	1,882	-
Preservation of Records	-	9,233	-	-	-
Debt Service	-	-	-	-	-
Road Maintenance	-	-	-	-	-
Committed to:					
Road Maintenance	-	-	-	-	-
Aid and Assistance	-	-	24,579	-	-
Appraisal of Property	67,920	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 67,920</u>	<u>\$ 9,233</u>	<u>\$ 24,579</u>	<u>\$ 1,882</u>	<u>\$ -</u>

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

For the Year Ended June 30, 2016

	911 Emergency Management Fund	Wireless 911 Fund	Courthouse Bond Payment Fund	Total Nonmajor Governmental Funds
RECEIPTS				
Property Taxes	\$ 33,301	\$ 49,030	\$ 55,226	\$ 307,602
Intergovernmental	-	-	6,019	135,691
Charges for Services	-	-	-	4,973
Miscellaneous	-	-	-	125
TOTAL RECEIPTS	33,301	49,030	61,245	448,391
DISBURSEMENTS				
General Government	-	-	-	48,987
Public Safety	32,979	18,667	-	92,014
Public Works	-	-	-	504,707
Public Assistance	-	-	-	2,600
Culture and Recreation	-	-	-	115,304
Debt Service:				-
Principal Payments	-	-	55,000	55,000
Interest and Fiscal Charges	-	-	9,180	9,180
TOTAL DISBURSEMENTS	32,979	18,667	64,180	827,792
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	322	30,363	(2,935)	(379,401)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	31,014
Transfers out	-	-	-	(18,191)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	12,823
Net Change in Fund Balances	322	30,363	(2,935)	(366,578)
FUND BALANCES - BEGINNING	15,918	132,543	112,433	1,087,305
FUND BALANCES - ENDING	\$ 16,240	\$ 162,906	\$ 109,498	\$ 720,727
FUND BALANCES:				
Restricted for:				
Visitor Promotion	-	-	-	106,798
911 Emergency Services	16,240	162,906	-	179,146
Drug Education	-	-	-	1,882
Preservation of Records	-	-	-	9,233
Debt Service	-	-	109,498	109,498
Road Maintenance	-	-	-	119,518
Committed to:				
Road Maintenance	-	-	-	102,153
Aid and Assistance	-	-	-	24,579
Appraisal of Property	-	-	-	67,920
TOTAL FUND BALANCES	\$ 16,240	\$ 162,906	\$ 109,498	\$ 720,727

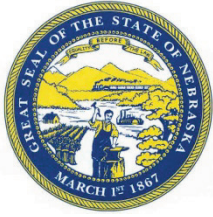
DAWES COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2016

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Veterans' Service Officer	Total
BALANCES JULY 1, 2015	\$ 6,876	\$ 19,128	\$ 6,816	\$ 313	\$ 5,263	\$ 38,396
RECEIPTS						
Licenses and Permits	1,519	-	-	-	-	1,519
Intergovernmental	-	-	-	-	2,611	2,611
Charges for Services	48,647	10,445	23,396	-	-	82,488
State Fees	44,477	6,416	-	-	-	50,893
Other Liabilities	-	540,394	4,200	2,382	-	546,976
TOTAL RECEIPTS	94,643	557,255	27,596	2,382	2,611	684,487
DISBURSEMENTS						
Payments to County Treasurer	50,507	11,751	26,084	-	-	88,342
Payments to State Treasurer	44,524	6,731	-	-	-	51,255
Other Liabilities	-	406,240	3,600	2,626	2,620	415,086
TOTAL DISBURSEMENTS	95,031	424,722	29,684	2,626	2,620	554,683
BALANCES JUNE 30, 2016	\$ 6,488	\$ 151,661	\$ 4,728	\$ 69	\$ 5,254	\$ 168,200
BALANCES CONSIST OF:						
Due to County Treasurer	\$ 3,554	\$ 473	\$ 3,728	\$ -	\$ 5,254	\$ 13,009
Petty Cash	100	-	-	-	-	100
Due to State Treasurer	2,834	417	-	-	-	3,251
Due to Others	-	150,771	1,000	69	-	151,840
BALANCES JUNE 30, 2016	\$ 6,488	\$ 151,661	\$ 4,728	\$ 69	\$ 5,254	\$ 168,200

DAWES COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2016

Item	2011	2012	2013	2014	2015
Tax Certified by Assessor					
Real Estate	\$ 10,039,530	\$ 9,706,195	\$ 9,832,818	\$ 10,575,467	\$ 11,024,934
Personal and Specials	1,243,860	1,370,147	1,379,549	1,412,356	1,583,420
Total	<u>11,283,390</u>	<u>11,076,342</u>	<u>11,212,367</u>	<u>11,987,823</u>	<u>12,608,354</u>
Corrections					
Additions	7,779	7,220	8,692	8,918	1,665
Deductions	(12,204)	(72,213)	(10,144)	(11,423)	(8,581)
Net Additions/ (Deductions)	<u>(4,425)</u>	<u>(64,993)</u>	<u>(1,452)</u>	<u>(2,505)</u>	<u>(6,916)</u>
Corrected Certified Tax	<u>11,278,965</u>	<u>11,011,349</u>	<u>11,210,915</u>	<u>11,985,318</u>	<u>12,601,438</u>
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2012	6,364,920	-	-	-	-
June 30, 2013	4,906,355	6,307,951	-	-	-
June 30, 2014	2,425	4,680,472	6,918,436	-	-
June 30, 2015	1,595	11,492	4,270,088	7,151,666	-
June 30, 2016	857	9,360	18,604	4,819,845	7,420,968
Total Net Collections	<u>11,276,152</u>	<u>11,009,275</u>	<u>11,207,128</u>	<u>11,971,511</u>	<u>7,420,968</u>
Total Uncollected Tax	<u>\$ 2,813</u>	<u>\$ 2,074</u>	<u>\$ 3,787</u>	<u>\$ 13,807</u>	<u>\$ 5,180,470</u>
Percentage Uncollected Tax	<u>0.02%</u>	<u>0.02%</u>	<u>0.03%</u>	<u>0.12%</u>	<u>41.11%</u>

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



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
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, 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, 2016, and the related notes to the financial statements, which collectively comprise Dawes County's basic financial statements, and have issued our report thereon dated September 2, 2016. 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:

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

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

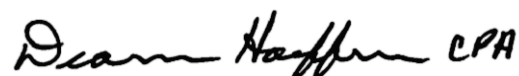
We also noted certain matters that we reported to the management of Dawes County in a separate letter dated September 2, 2016.

Dawes County's Response to Findings

Dawes County declined to respond to the finding described above.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

September 2, 2016



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

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Lincoln, Nebraska 68509
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September 2, 2016

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, 2016, and have issued our report thereon dated September 2, 2016. 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 lacked a segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. A lack of segregation of duties increases the risk of possible errors or irregularities; however, due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost. This was also noted in prior audits.

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

COUNTY TREASURER

Check Altering

On May 24, 2016, the Dawes County Treasurer, Barbara Sebesta, took a deposit slip of \$19,695.20 to First National Bank – North Platte (FNB), account number #####5575, and made a deposit at the drive-thru of the FNB branch located at 315 West 3rd Street, Chadron, NE. The deposit contained numerous checks from Dawes County taxpayers. One of the checks, #5570 from a County taxpayer, originally written for \$85.20 from Security First Bank account number #####0313, had been altered by the County Treasurer from \$85.20 to \$851.20. The alteration of this check caused the total deposit to be inflated by \$766.00; however, the deposit slip had not been changed to account for the altered check overage of \$766.00. When the FNB Proof Department processed the deposit, the difference was discovered and FNB made a deposit correction of \$766.00 to balance, crediting it to FNB account #####5575. The Dawes County Treasurer was notified of the deposit correction.

Upon receipt of the deposit correction notice on May 26, 2016, Ms. Sebesta went in to the FNB branch and notified branch personnel that she had altered the check without the customer's authorization. On June 8, 2016, FNB made a \$766 deposit adjustment, labeled "Encoding Error on Check." This was done so Security First Bank could recover the funds for the taxpayer to correct the amount to \$85.20.

It should be noted that the alteration of a check in this manner is considered to be a form of forgery.

Prove the Lord

5507

5/23/2016

PAID TO THE ORDER OF DAWES COUNTY TREASURER \$851.20

Security First Bank

Barbara Sebesta

1041138197 1400 107

REPORT TELETYPE

DAWES COUNTY TREASURER

5/24/2016

19695.20

#####5575

Credit Amount \$19,695.20 On 5/24/2016

First National Bank

North Platte

5/25/2016

766.00

766.00

#####5575

Credit Amount \$766.00 On 5/25/2016

DEPOSIT COLLECTION ENTRY		① First National Bank North Platte		ACCOUNT NUMBER 32085515														
DATE 6-8-16	APPROVED BY Gray	<table border="1"> <tr> <td>REASON FOR CHECKING THIS CHECK</td> <td>AMOUNT</td> </tr> <tr> <td>FORFEITURE</td> <td></td> </tr> <tr> <td>EXPIRATION DATE</td> <td></td> </tr> <tr> <td>FORFEITURE</td> <td></td> </tr> <tr> <td>EXPIRATION DATE</td> <td></td> </tr> <tr> <td>EXPIRATION DATE</td> <td></td> </tr> <tr> <td>EXPIRATION DATE</td> <td></td> </tr> </table>		REASON FOR CHECKING THIS CHECK	AMOUNT	FORFEITURE		EXPIRATION DATE		FORFEITURE		EXPIRATION DATE		EXPIRATION DATE		EXPIRATION DATE		
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EXPIRATION DATE																		
		X <u>Exceeding error from check</u>																
Dawes Co. Treasurer				TOTAL AMOUNT 766 00														
45079																		

Check 0, Amount \$766.00 On 6/8/2016

Per review of deposit details provided by FNB, the APA found no other deposited checks whose dollar amount had been altered. There were occasions where a number or word was written above the dollar or written amount to clarify the amount.

Ms. Sebesta confirmed to the APA staff that she had altered the check incorrectly. She claimed that she was trying to clarify the proper amount for the banks and did not verify it back to the receipts. The original motor vehicle tax receipts for that taxpayer totaled \$85.20; registration number F7071843 was for \$25.50, and number F7071842 was for \$59.70.

Neb. Rev. Stat. § 28-602 (Reissue 2008) states the following:

(1) A person commits forgery in the first degree if, with intent to deceive or harm, he falsely makes, completes, endorses, alters, or utters a written instrument which is or purports to be, or which is calculated to become or to represent if completed:

(a) Part of an issue of money, stamps, securities, or other valuable instruments issued by a government or governmental agency; or

(b) Part of an issue of stock, bonds, bank notes, or other instruments representing interests in or claims against a corporate or other organization or its property.

(2) Forgery in the first degree is a Class III felony.

Neb. Rev. Stat. § 28-603 (Reissue 2008) provides the following:

(1) Whoever, with intent to deceive or harm, falsely makes, completes, endorses, alters, or utters any written instrument which is or purports to be, or which is calculated to become or to represent if completed, a written instrument which does or may evidence, create, transfer, terminate, or otherwise affect a legal right, interest, obligation, or status, commits forgery in the second degree.

(2) Forgery in the second degree is a Class IIA felony when the face value, or purported face value, or the amount of any proceeds wrongfully procured or intended to be procured by the use of such instrument, is five thousand dollars or more.

(3) Forgery in the second degree is a Class IV felony when the face value, or purported face value, or the amount of any proceeds wrongfully procured or intended to be procured by the use of such instrument, is one thousand five hundred dollars or more but is less than five thousand dollars.

(4) Forgery in the second degree is a Class I misdemeanor when the face value, or purported face value, or the amount of any proceeds wrongfully procured or intended to be procured by the use of such instrument, is five hundred dollars or more but is less than one thousand five hundred dollars.

(5) Forgery in the second degree is a Class II misdemeanor when the face value, or purported face value, or the amount of any proceeds wrongfully procured or intended to be procured by the use of such instrument, is less than five hundred dollars.

(6) For the purpose of determining the class of penalty for forgery in the second degree, the face values, or purported face values, or the amounts of any proceeds wrongfully procured or intended to be procured by the use of more than one such instrument, may be aggregated in the indictment or information if such instruments were part of the same scheme or course of conduct which took place within a sixty-day period and within one county. Such values or amounts shall not be aggregated into more than one offense.

Additionally, Neb. Rev. Stat. § 23-1603 (Reissue 2012) provides the following:

If any county treasurer shall neglect or refuse to render any account or settlement required by law, or shall fail or neglect to account for any balance due the state, county, township, school district, or any other municipal subdivision, or is guilty of any other misconduct in office, the county board may forthwith remove him from office, and appoint some suitable person to perform the duties of treasurer until his successor is elected or appointed and qualified.

It should be noted also that Neb. Rev. Stat. § 28-924 (Reissue 2008) states the following:

(1) A public servant commits official misconduct if he knowingly violates any statute or lawfully adopted rule or regulation relating to his official duties.

(2) Official misconduct is a Class II misdemeanor.

By unilaterally altering a check submitted to her office, Ms. Sebesta risks not only collecting from the taxpayer an amount other than that actually due but also, depending upon the circumstances, facing possible allegations of forgery as well as potential removal from office and accusations of official misconduct.

We recommend the Dawes County Treasurer refrain from altering any checks received by her office. If any check received is believed to be incorrect, the Dawes County Treasurer's office should contact the taxpayer and request that he or she make the needed correction. Further, due to concerns regarding an ostensible violation of State statute, the information contained in this comment will be forwarded to both the Dawes County Attorney and the Nebraska Attorney General for their review.

Not Collecting Sales Tax Correctly

Per Neb. Rev. Stat. § 77-2703 (Cum. Supp 2014), sales tax is to be collected on all-terrain vehicles at the time they are titled and on other motor vehicles when they are registered.

The Dawes County Treasurer, Ms. Barbara Sebesta, issued a title for a Ford Pickup on November 17, 2015. The vehicle had been purchased on October 9, 2015, for \$2,200 after trade allowance. Registration for this vehicle was issued on April 8, 2016. However, Ms. Sebesta did not collect the \$172.88 in sales tax for this vehicle until June 7, 2016, two month after the vehicle was registered. Ms. Sebesta acknowledged to the APA that she knew this to be a violation of State statute; however, she was trying to help out the purchaser, who was short on funds at the time.

In another incident, the Dawes County Treasurer's office issued Title #16207690003 on July 25, 2016. This title was for an all-terrain vehicle that was acquired on July 1, 2015. Neither sales tax nor a sales tax form was collected by the Dawes County Treasurer's office for that

vehicle. When asked by the APA why sales tax was not collected, Ms. Sebesta explained that she knew the owners, and no sales tax was owed because the vehicle was to be used on a farm. Instead, Ms. Sebesta asked the owners to bring in the sales tax form when they could.

On both of these occasions, Ms. Sebesta's actions violated the express provisions of § 77-2703. Ms. Sebesta does not have the authority to ignore that law by allowing vehicles to be registered or titled, as the case may be, without simultaneously receiving the required sales tax.

As noted already, Neb. Rev. Stat. § 23-1603 (Reissue 2012) provides the following:

If any county treasurer shall neglect or refuse to render any account or settlement required by law, or shall fail or neglect to account for any balance due the state, county, township, school district, or any other municipal subdivision, or is guilty of any other misconduct in office, the county board may forthwith remove him from office, and appoint some suitable person to perform the duties of treasurer until his successor is elected or appointed and qualified.

Likewise, Neb. Rev. Stat. § 28-924 (Reissue 2008) states the following:

(1) A public servant commits official misconduct if he knowingly violates any statute or lawfully adopted rule or regulation relating to his official duties.

(2) Official misconduct is a Class II misdemeanor.

By intentionally disregarding the requirements of § 77-2703, Ms. Sebesta risks not only failing to collect the sales taxes due but also facing potential removal from office and possible allegations of official misconduct.

We recommend the Dawes County Treasurer collect all sales taxes or sales tax forms, as required by State statute. Further, due to concerns regarding an ostensible violation of State statute, the information contained in this comment will be forwarded to both the Dawes County Attorney and the Nebraska Attorney General for their review.

Trust Balances

The County Treasurer had not followed up on trust balances in a timely manner. At June 30, 2016, we noted \$75 in the Abandoned Vehicle Fund and \$40,446 in the Tentative Inheritance Tax Fund. The money in the Abandoned Vehicle Fund should have been transferred to the General Fund a couple of years ago. In June 2016, the County Treasurer attempted to move the money from the Tentative Inheritance Tax Fund to the Inheritance Fund, but that entry was done incorrectly so the money remained in the trust fund. At the close of June and July 2016, the County Treasurer did not recognize that the transfer had been done incorrectly.

Good internal control procedures require the Dawes County Treasurer to review fund balances on a regular basis to verify that the balances are current and correct. When such procedures are not in place, there is an increased risk for the loss or misuse of public funds.

We recommend the Dawes County Treasurer perform a periodic review of all fund balances and make appropriate transfers.

Bond Forfeitures

Article VII, § 5(1), of the Nebraska State Constitution, which pertains to the allocation of fines, penalties, and license monies, states, in part, “[A]ll fines, penalties, and license monies shall be appropriated exclusively to the use and support of the common schools in the respective subdivisions where the same may accrue”

Bond forfeitures, totaling \$1,170, were deposited into the County’s General Fund during the fiscal year ended June 30, 2016, rather than being distributed to the common schools, as required by the State’s Constitution.

The Nebraska Supreme Court has stated, “The funds received from forfeited recognizances and cash bonds . . . are penalties arising under the general laws of the state within the meaning of Article VII, section 5, of the Constitution of Nebraska, and must be distributed to the several school districts of the county as provided by law.” *School Dist. v. Omaha*, 175 Neb. 21, 24-25, 120 N.W.2d 267, 269 (1963).

Failure to distribute bond forfeitures to the common schools in accordance with Article VII, § 5(1), not only denies schools revenues to which they are otherwise entitled but also constitutes a violation of the Nebraska State Constitution.

We recommend all bond forfeitures received by the Dawes County Treasurer be distributed to the common schools, as required by the Nebraska State Constitution.

COUNTY BOARD

Claim Procedures

During our audit, we noted the following regarding the County’s claims payment procedures:

- In four instances, totaling \$318, the County paid for the same expense twice.
- Late fees, totaling \$178, were paid on three County credit card statements.
- Seven charges on three County credit card claims, totaling \$336, did not have adequate supporting documentation attached. Charges were at Walmart, Office Depot, and various restaurants.
- Two County credit card statements included fees, totaling \$78, for charges exceeding the credit limit.

Good internal controls require procedures to be in place for the review of all County claims prior to approval to ensure the following: 1) no duplicate claim payments are made; 2) adequate supporting documentation, such as the original invoice, is available for all claims; and 3), all claims are appropriate for the County and do not include unnecessary expenses, such as late fees, or result from excessive charges. Without such procedures, there is an increased risk for the loss or misuse of County funds.

We recommend the County Board implement procedures to ensure claim payments are not duplicated, have adequate supporting documentation, such as the original invoices, and do not include unnecessary expenses, such as late fees, or result from excessive charges.

Over-Expended Budget

Neb. Rev. Stat § 23-916 (Reissue 2012) states, in relevant part, the following:

After the adoption of the county budget, no officer, department or other expending agency shall expend or contract to be expended any money, or incur any liability, or enter into any contract which, by its terms, involves the expenditure of money not provided for in the budget, or which involves the expenditure of any money for any of the purposes for which provision is made in the budget in excess of the amounts provided in said budget for such office, department or other expending agency, or purpose, for such fiscal year.

During our audit, we noted that the Visitor Promotion Fund and the E911 Fund both over-expended their budgets by \$13,419 and \$1,979, respectively.

When expenditures are made in excess of amounts budgeted, with no appropriation adjustments by the County Board to address those excesses, the County is not in compliance with State statute.

We recommend the County implement procedures to monitor closely its budget status on an ongoing basis to avoid individual funds incurring expenses in excess of the amounts budgeted.

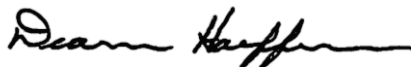
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It should be noted this report is critical in nature, as it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any strong features of the County.

Draft copies of this report were furnished to the County to provide management with an opportunity to review the report and to respond to the comments and recommendations included in this report. All formal responses received have been incorporated into this report. Where no response has been included, the County declined to respond.

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 it 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,



Deann Haeffner
Assistant Deputy Auditor