

**AUDIT REPORT
OF
DAKOTA COUNTY**

JULY 1, 2017, THROUGH JUNE 30, 2018

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Issued on April 5, 2019

DAKOTA COUNTY

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DAKOTA COUNTY
1601 Broadway Street
Dakota City, NE 68731

LIST OF COUNTY OFFICIALS
At June 30, 2018

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	William Rohde	Jan. 2019
	Martin Hohenstein	Jan. 2021
	Scott Love	Jan. 2019
	Antonio Gomez	Jan. 2021
	Kevin Rohde	Jan. 2021
Assessor	Jeff Curry	Jan. 2019
Attorney	Kimberly Watson	Jan. 2019
Clerk	Joan Spencer	Jan. 2019
Election Commissioner		
Register of Deeds		
Clerk of the District Court	Phyllis Obermeyer	Jan. 2019
Sheriff	Chris Kleinberg	Jan. 2019
Treasurer	Robert Giese	Jan. 2019
Public Defender	Lou Hunter	Jan. 2019
Veterans' Service Officer	Bill Johnston	Appointed
Weed Superintendent	Matt Roost	Appointed
Highway Superintendent	Fred Kellogg	Appointed
Emergency Manager	Deanna Beckman	Appointed
Health Director	Tiffany Hansen	Appointed
Planning and Zoning Administrator	Joseph O'Neill	Appointed



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DAKOTA COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Dakota 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 Dakota County, as of and for the year ended June 30, 2018, 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 Dakota County as of June 30, 2018, 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.

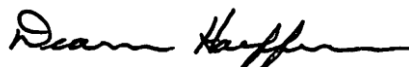
Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole, which 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 21-35, 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 April 2, 2019, on our consideration of Dakota 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 Dakota County's internal control over financial reporting and compliance.



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

April 2, 2019

DAKOTA COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2018

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 2,204,746
TOTAL ASSETS	\$ 2,204,746
NET POSITION	
Restricted for:	
911 Emergency Services	17,633
Drug Education	1,673
Law Enforcement	25,255
Preservation of Records	4,469
Debt Service	21,524
Road Maintenance	263,741
Health Planning and Assistance	127,081
Aid and Assistance	17,299
Unrestricted	1,726,071
TOTAL NET POSITION	\$ 2,204,746

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

DAKOTA COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended June 30, 2018

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	\$ (3,282,632)	\$ 555,510	\$ 30,538	\$ (2,696,584)
Public Safety	(4,924,529)	266,315	120,771	(4,537,443)
Public Works	(2,227,138)	240	1,408,530	(818,368)
Health and Sanitation	(292,763)	-	130,829	(161,934)
Public Assistance	(67,363)	-	-	(67,363)
Culture and Recreation	(192,834)	-	-	(192,834)
Debt Payments	(317,058)	-	-	(317,058)
Total Governmental Activities	<u><u>\$ (11,304,317)</u></u>	<u><u>\$ 822,065</u></u>	<u><u>\$ 1,690,668</u></u>	<u><u>(8,791,584)</u></u>

General Receipts:

Property Taxes	6,538,664
Grants and Contributions Not Restricted to Specific Programs	1,081,497
Investment Income	15,222
Licenses and Permits	72,442
Lease Purchase Proceeds	195,978
Miscellaneous	368,002
Total General Receipts	<u><u>8,271,805</u></u>
 Increase in Net Position	 (519,779)
Net Position - Beginning of year	2,724,525
Net Position - End of year	<u><u>\$ 2,204,746</u></u>

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

DAKOTA COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
 June 30, 2018

	General Fund	Road Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents (Note 1.D)	\$ 1,330,194	\$ 4,843	\$ 869,709	\$ 2,204,746
TOTAL ASSETS	\$ 1,330,194	\$ 4,843	\$ 869,709	\$ 2,204,746
 FUND BALANCES				
Restricted for:				
911 Emergency Services	-	-	17,633	17,633
Drug Education	-	-	1,673	1,673
Law Enforcement	-	-	25,255	25,255
Preservation of Records	-	-	4,469	4,469
Debt Service	-	-	21,524	21,524
Road Maintenance	-	-	263,741	263,741
Health Planning and Assistance	-	-	127,081	127,081
Aid and Assistance	-	-	17,299	17,299
Committed to:				
Law Enforcement	-	-	152,821	152,821
Road and Bridge Maintenance	-	4,843	176	5,019
Aid and Assistance	-	-	2,150	2,150
Health Insurance	-	-	119,982	119,982
Unassigned	1,330,194	-	115,905	1,446,099
TOTAL CASH BASIS FUND BALANCES	\$ 1,330,194	\$ 4,843	\$ 869,709	\$ 2,204,746

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

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

For the Year Ended June 30, 2018

	General Fund	Road Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS				
Property Taxes	\$ 6,189,426	\$ 10,653	\$ 338,585	\$ 6,538,664
Licenses and Permits	72,442	-	-	72,442
Investment Income	11,702	-	3,520	15,222
Intergovernmental	1,161,142	1,316,847	294,176	2,772,165
Charges for Services	810,577	240	11,248	822,065
Miscellaneous	379,516	41,886	142,578	563,980
TOTAL RECEIPTS	<u>8,624,805</u>	<u>1,369,626</u>	<u>790,107</u>	<u>10,784,538</u>
DISBURSEMENTS				
General Government	2,242,524	-	1,040,108	3,282,632
Public Safety	4,470,716	-	453,813	4,924,529
Public Works	488,678	1,655,762	82,698	2,227,138
Health and Sanitation	217,348	-	75,415	292,763
Public Assistance	67,363	-	-	67,363
Culture and Recreation	-	-	192,834	192,834
Debt Service:				
Principal Payments	235,000	-	-	235,000
Interest and Fiscal Charges	82,058	-	-	82,058
TOTAL DISBURSEMENTS	<u>7,803,687</u>	<u>1,655,762</u>	<u>1,844,868</u>	<u>11,304,317</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>821,118</u>	<u>(286,136)</u>	<u>(1,054,761)</u>	<u>(519,779)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	976,273	273,000	775,798	2,025,071
Transfers out	(861,303)	(68,532)	(1,095,236)	(2,025,071)
TOTAL OTHER FINANCING SOURCES (USES)	<u>114,970</u>	<u>204,468</u>	<u>(319,438)</u>	<u>-</u>
Net Change in Fund Balances	936,088	(81,668)	(1,374,199)	(519,779)
CASH BASIS FUND BALANCES - BEGINNING				
	<u>394,106</u>	<u>86,511</u>	<u>2,243,908</u>	<u>2,724,525</u>
CASH BASIS FUND BALANCES - ENDING				
	<u>\$ 1,330,194</u>	<u>\$ 4,843</u>	<u>\$ 869,709</u>	<u>\$ 2,204,746</u>

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

DAKOTA COUNTY
STATEMENT OF CASH BASIS NET POSITION
FIDUCIARY FUNDS
 June 30, 2018

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 1,065,695
 LIABILITIES	
Due to other governments	
State	415,663
Schools	388,700
Educational Service Units	3,097
Technical College	18,774
Natural Resource Districts	7,889
Fire Districts	3,046
Municipalities	97,005
Agricultural Society	1,589
Drainage Districts	49
Historical Society	378
Others	129,505
TOTAL LIABILITIES	1,065,695
 TOTAL NET ASSETS	 \$ -

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

DAKOTA COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2018

1. **Summary of Significant Accounting Policies**

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

A. Reporting Entity

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

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 IV – The County has entered into an agreement with surrounding counties and the Nebraska Department of Health and Human Services to provide services to carry out the provisions of the Nebraska Behavioral Health Services Act (Act). Agreements were established under the authority of the Interlocal Cooperation Act for services to be provided under the Act. Region IV (Region) consists of the following counties: Cherry, Keya Paha, Boyd, Brown, Rock, Holt, Knox, Cedar, Dixon, Dakota, Thurston, Wayne, Pierce, Antelope, Boone, Nance, Madison, Stanton, Cuming, Burt, Colfax, and Platte.

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$58,539 toward the operation of the Region during fiscal year 2018. 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.

DAKOTA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Law Enforcement Center – The County has entered into an agreement with the City of South Sioux City to participate in a joint Law Enforcement Center (Center). Agreements were established under the authority of the Interlocal Cooperation Act to share costs for the construction, staffing, equipping, maintenance, and upkeep of the Center. The governing board for the Center includes representatives from the participating county and municipality boards. Further, combined services of the Center are regulated by the Joint Communications Committee established by the agreement. Funding is provided by a combination of State, local, and private funding. The County contributed \$395,454 toward the operation of the Center during fiscal year 2018. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Center is not a separate legal entity. The City of South Sioux City and the County report their share of activity for the Center in their respective financial statements.

Dakota County Public Safety Services Agency – The County has entered into an agreement with Dakota City, Village of Homer, Village of Emerson, Dakota Covington Rural Fire Protection District, Homer Rural Fire Protection District, and the Emerson Rural Fire Protection District to create a joint entity named the Dakota County Public Safety Services Agency (Agency). Agreements were established under the authority of the Interlocal Cooperation Act with the sole purpose of facilitating certain improvements to fire and other emergency protection services for each of its members. The governing board for the Agency includes representatives from the participating political subdivisions. The Agency’s operations include the administration of a County-issued sales and use tax and bond proceeds in accordance with the agreement. The County distributed \$291,392 of sales and use taxes to the Agency during fiscal year 2018. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Agency is required to be audited annually in accordance with State statute. Financial information for the Agency is available in those audit reports.

South Sioux City Convention and Visitors Bureau – The County has entered into an agreement with the South Sioux City Convention and Visitors Bureau (Bureau) to provide services to carry out the provisions of the Nebraska Visitors’ Development Act. The Bureau provides convention and tourism promotional activities and services within the County. The County levies and collects a lodging tax to subsidize the Bureau operations. The County distributed \$192,834 of lodging taxes collected to the Bureau during fiscal year 2018. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Bureau is a separate legal entity organized as a 501(c)(3) not-for-profit entity.

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

DAKOTA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 Net Position presents the County's non-fiduciary assets in two categories:

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

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

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

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

The County reports the following major governmental funds:

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.

DAKOTA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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.

The County designates fund balances as follows:

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

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

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

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

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

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

DAKOTA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 2018) 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.

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 \$478,675 of restricted net position, which is fully restricted by enabling legislation.

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

DAKOTA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

On or before August 1, the County budget-making authority prepares and transmits a budget for each County fund to the County Board. The budget includes the requirements, the outstanding warrants, the operating reserves to be maintained, the cash on hand at the close of the preceding fiscal year, the receipts from sources other than taxation, and the amount to be raised by taxation. The County Board must hold at least one public hearing on the proposed budget. On or before September 20, the County Board adopts the budget and appropriates the amounts specified in the budget for the departments, offices, activities, and funds of the County.

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

2. **Deposits and Investments**

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

At year end, the County's carrying amount of deposits was \$2,204,746 for County funds and \$1,065,695 for Fiduciary funds. The bank balances for all funds totaled \$3,343,515. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2018, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

The County did not have sufficient collateral securities to protect deposits at all times during the fiscal year.

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.

DAKOTA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. Property Taxes (Concluded)

The levy set in October 2017, for the 2017 taxes, which will be materially collected in May and September 2018, was set at \$.36148/\$100 of assessed valuation. The levy set in October 2016, for the 2016 taxes, which were materially collected in May and September 2017, was set at \$.32496/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

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

4. Retirement System

The Retirement System for Nebraska Counties (Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2012, Cum. Supp. 2018) and may be amended through legislative action.

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

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

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

For the year ended June 30, 2018, 114 employees contributed \$203,886, and the County contributed \$300,794. Contributions included \$10,071 in cash contributions towards the supplemental law enforcement plan for 21 law enforcement employees. Lastly, the County paid \$2,616 directly to 25 retired employees for prior service benefits.

DAKOTA 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 91 counties and local governments 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 for an additional contribution. 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
Workers' Compensation Claim	\$ 550,000	Statutory Limits
Property Damage Claim	\$ 250,000	Insured Value at Replacement Cost

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

6. Interfund Transfers

Interfund transfers for the year ended June 30, 2018, consisted of the following:

Transfers to	Transfers from			Total
	General Fund	Road Fund	Nonmajor Funds	
General Fund	\$ -	\$ -	\$ 976,273	\$ 976,273
Road Fund	273,000	-	-	273,000
Nonmajor Funds	588,303	68,532	118,963	775,798
Total	\$ 861,303	\$ 68,532	\$ 1,095,236	\$ 2,025,071

DAKOTA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

6. Interfund Transfers (Concluded)

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.

In the fiscal year ended June 30, 2018, the County made a one-time transfer of \$6,273 from the Minority Health Initiative Grant Fund to the General Fund for reimbursement of certain payroll costs of the Minority Health Director and Nurse.

7. Capital Leases Payable

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

	Three Motor Graders	Kensworth Tractor	Komatsu Excavator	Bobcat & Trailer
Balance July 1, 2017	\$ 510,799	\$ 59,230	\$ 68,954	\$ 89,381
Purchases	-	-	-	-
Payments	129,932	23,427	27,273	24,984
Balance June 30, 2018	<u>\$ 380,867</u>	<u>\$ 35,803</u>	<u>\$ 41,681</u>	<u>\$ 64,397</u>
Future Payments:				
Year				
2019	\$ 140,251	\$ 24,227	\$ 28,205	\$ 26,439
2020	118,870	12,114	14,103	26,439
2021	53,515	-	-	13,219
2022	53,515	-	-	-
2023	26,757	-	-	-
2024-2025	-	-	-	-
Total Payments	<u>392,908</u>	<u>36,341</u>	<u>42,308</u>	<u>66,097</u>
Less Interest	<u>12,041</u>	<u>538</u>	<u>627</u>	<u>1,700</u>
Present Value of Future Minimum Lease Payments	<u>\$ 380,867</u>	<u>\$ 35,803</u>	<u>\$ 41,681</u>	<u>\$ 64,397</u>
Carrying Value of the Related Fixed Asset	<u>\$ 777,421</u>	<u>\$ 116,224</u>	<u>\$ 135,306</u>	<u>\$ 125,856</u>

DAKOTA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

7. Capital Leases Payable (Concluded)

	Vehicles and Crew Pickup	Sheriff Vehicles	Two-Way Radios	Total
Balance July 1, 2017	\$ 14,033	\$ 104,088	\$ -	\$ 846,485
Purchases	-	-	199,977	199,977
Payments	14,033	37,360	13,216	270,225
Balance June 30, 2018	<u>\$ -</u>	<u>\$ 66,728</u>	<u>\$ 186,761</u>	<u>\$ 776,237</u>
Future Payments:				
Year				
2019	\$ -	\$ 38,783	\$ 16,515	\$ 274,420
2020	-	19,498	33,030	224,054
2021	-	9,749	33,030	109,513
2022	-	-	33,029	86,544
2023	-	-	33,030	59,787
2024-2025	-	-	49,545	49,545
Total Payments	-	68,030	198,179	803,863
Less Interest	-	1,302	11,418	27,626
Present Value of Future Minimum Lease Payments	<u>\$ -</u>	<u>\$ 66,728</u>	<u>\$ 186,761</u>	<u>\$ 776,237</u>
Carrying Value of the Related Fixed Asset	<u>\$ 85,968</u>	<u>\$ 191,048</u>	<u>\$ 199,977</u>	<u>\$ 1,631,800</u>

8. Long-Term Debt

Highway Allocation Bond 1. The County issued bonds on June 14, 2010, in the amount of \$580,000 for the purpose of paying the costs in connection with the construction of improvements to roads in the County. On September 3, 2015, Reissue 2015 bonds were issued in the amount of \$315,000 for the purpose of refinancing the 2010 bonds. The bond payable balance, as of June 30, 2018, was \$190,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Future tax resources and Highway Allocation funds will be used to pay off the bonds.

Future Payments:			
Year	Principal	Interest	Total
2019	\$ 60,000	\$ 2,230	\$ 62,230
2020	65,000	1,446	66,446
2021	65,000	504	65,504
Total Payments	<u>\$ 190,000</u>	<u>\$ 4,180</u>	<u>\$ 194,180</u>

Highway Allocation Bond 2. The County issued bonds on May 14, 2012, in the amount of \$1,330,000 for the purpose of paying the costs in connection with the construction of improvements to roads in the County. On October 31, 2017, Reissue 2017 bonds were issued in the amount of \$1,265,000 for the purpose of refinancing the 2012 bonds. The bond payable balance, as of June 30, 2018, was \$1,265,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Future tax resources and Highway Allocation funds will be used to pay off the bonds.

DAKOTA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

8. Long-Term Debt (Continued)

Future Payments:

Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 25,000	\$ 29,310	\$ 54,310
2020	30,000	28,985	58,985
2021	30,000	28,595	58,595
2022	90,000	27,717	117,717
2023	90,000	26,300	116,300
2024-2028	495,000	102,504	597,504
2029-2033	505,000	37,725	542,725
Total Payments	<u>\$ 1,265,000</u>	<u>\$ 281,136</u>	<u>\$ 1,546,136</u>

Highway Allocation Bond 3. The County issued bonds on January 20, 2015, in the amount of \$1,470,000 for the purpose of paying the costs in connection with the construction of improvements to roads in the County. The bond payable balance, as of June 30, 2018, was \$1,350,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Future tax resources and Highway Allocation funds will be used to pay off the bonds.

Future Payments:

Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 65,000	\$ 32,953	\$ 97,953
2020	65,000	32,221	97,221
2021	65,000	31,360	96,360
2022	65,000	30,369	95,369
2023	65,000	29,247	94,247
2024-2028	350,000	124,979	474,979
2029-2033	400,000	75,722	475,722
2034-2036	275,000	13,360	288,360
Total Payments	<u>\$ 1,350,000</u>	<u>\$ 370,211</u>	<u>\$ 1,720,211</u>

Veterans Drive Bond. The County issued bonds on June 6, 2016, in the amount of \$850,000 for the purpose of paying the costs in connection with the construction of improvements to certain roads in the County. The bond payable balance, as of June 30, 2018, was \$770,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Future tax resources and Highway Allocation funds will be used to pay off the bonds.

DAKOTA COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

8. Long-Term Debt (Concluded)

Future Payments:

Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 80,000	\$ 13,770	\$ 93,770
2020	80,000	12,710	92,710
2021	80,000	11,530	91,530
2022	85,000	10,187	95,187
2023	85,000	8,679	93,679
2024-2028	360,000	16,629	376,629
Total Payments	<u>\$ 770,000</u>	<u>\$ 73,505</u>	<u>\$ 843,505</u>

On June 21, 2004, the County entered into an interlocal agreement with South Sioux City to provide funds for the paving and related appurtenances of certain streets located in the City. The County issued a bond, as denoted in Highway Allocation Bond 1 above, to help pay for this project. In addition, the County reimbursed the City in 10 installments for costs previously incurred. As of June 30, 2018, the County still owed two installments, totaling \$63,223. Future tax resources will be used to pay off the outstanding debt.

DAKOTA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 6,893,287	\$ 6,893,287	\$ 6,189,426	\$ (703,861)
Licenses and Permits	70,710	70,710	72,442	1,732
Interest	15,100	15,100	11,702	(3,398)
Intergovernmental	1,194,396	1,194,396	1,161,142	(33,254)
Charges for Services	908,343	908,343	810,577	(97,766)
Miscellaneous	719,477	719,477	379,516	(339,961)
TOTAL RECEIPTS	9,801,313	9,801,313	8,624,805	(1,176,508)
DISBURSEMENTS				
General Government:				
County Board	160,858	160,858	147,621	13,237
County Clerk	166,981	171,981	152,150	19,831
County Treasurer	333,324	333,324	288,635	44,689
Register of Deeds	39,273	39,273	32,939	6,334
County Assessor	404,238	404,238	285,076	119,162
Election Commissioner	37,334	32,334	26,158	6,176
Building and Zoning	11,917	11,917	11,080	837
Data Processing Department	75,900	75,900	75,806	94
Clerk of the District Court	118,333	118,583	105,919	12,664
County Court System	15,650	15,650	13,042	2,608
District Judge	16,965	16,965	2,228	14,737
Public Defender	197,676	177,676	131,592	46,084
Legal Services	210,700	230,700	223,958	6,742
Child Support	43,789	43,539	36,515	7,024
Building and Grounds	169,857	169,857	160,196	9,661
Agricultural Extension Agent	64,490	64,490	56,560	7,930
County Law Library	7,119	7,319	7,230	89
Miscellaneous	472,014	442,243	485,819	(43,576)
Public Safety				
County Sheriff	1,560,186	1,560,186	1,457,812	102,374
County Attorney	474,522	474,322	406,516	67,806
Communication Center	457,900	457,900	419,854	38,046
Law Enforcement Grant	50,000	50,000	16,031	33,969
County Jail	2,286,119	2,286,119	2,053,002	233,117
District Probation Office	54,115	54,136	54,135	1
Emergency Management	71,535	71,535	63,366	8,169
Public Works				
County Surveyor	4,590	6,590	5,033	1,557
Noxious Weed Control	37,215	64,615	59,602	5,013
Highway Department	59,595	59,745	53,414	6,331
Miscellaneous	409,049	409,049	370,629	38,420

DAKOTA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DISBURSEMENTS (Continued)				
Public Health				
County Health Department	245,756	245,756	217,348	28,408
Public Assistance				
Veterans' Service Officer	73,522	73,722	67,363	6,359
Debt Service				
Principal Payments	730,000	730,000	235,000	495,000
Interest and Charges	89,153	89,153	82,058	7,095
TOTAL DISBURSEMENTS	<u>9,149,675</u>	<u>9,149,675</u>	<u>7,803,687</u>	<u>1,345,988</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>651,638</u>	<u>651,638</u>	<u>821,118</u>	<u>169,480</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	302,918	302,918	976,273	673,355
Transfers out	(494,662)	(494,662)	(861,303)	(366,641)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(191,744)</u>	<u>(191,744)</u>	<u>114,970</u>	<u>306,714</u>
Net Change in Fund Balance	459,894	459,894	936,088	476,194
FUND BALANCE - BEGINNING	<u>390,106</u>	<u>390,106</u>	<u>394,106</u>	<u>4,000</u>
FUND BALANCE - ENDING	<u>\$ 850,000</u>	<u>\$ 850,000</u>	<u>\$ 1,330,194</u>	<u>\$ 480,194</u>

(Concluded)

DAKOTA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Taxes	\$ 8,400	\$ 8,400	\$ 10,653	\$ 2,253
Intergovernmental	1,335,486	1,335,486	1,316,847	(18,639)
Charges for Services	5,000	5,000	240	(4,760)
Miscellaneous	1,150	1,150	41,886	40,736
TOTAL RECEIPTS	<u>1,350,036</u>	<u>1,350,036</u>	<u>1,369,626</u>	<u>19,590</u>
DISBURSEMENTS	<u>1,724,600</u>	<u>1,724,600</u>	<u>1,655,762</u>	<u>68,838</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(374,564)</u>	<u>(374,564)</u>	<u>(286,136)</u>	<u>88,428</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	388,053	388,053	273,000	(115,053)
Transfers out	-	-	(68,532)	(68,532)
TOTAL OTHER FINANCING SOURCES (USES)	<u>388,053</u>	<u>388,053</u>	<u>204,468</u>	<u>(183,585)</u>
Net Change in Fund Balance	13,489	13,489	(81,668)	(95,157)
FUND BALANCE - BEGINNING	86,511	86,511	86,511	-
FUND BALANCE - ENDING	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 4,843</u>	<u>\$ (95,157)</u>

DAKOTA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
HARD SURFACE ROAD FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(21,524)	(21,524)	-	21,524
Net Change in Fund Balance	(21,524)	(21,524)	-	21,524
Fund Balance - Beginning	21,524	21,524	21,524	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,524</u>	<u>\$ 21,524</u>
FEDERAL AID - ROADS FUND				
Receipts	\$ 75,000	\$ 75,000	\$ 73,534	\$ (1,466)
Disbursements	(159,160)	(159,160)	-	159,160
Net Change in Fund Balance	(84,160)	(84,160)	73,534	157,694
Fund Balance - Beginning	84,160	84,160	84,160	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,694</u>	<u>\$ 157,694</u>
HIGHWAY BRIDGE BUYBACK PROGRAM FUND				
Receipts	\$ 50,000	\$ 50,000	\$ 39,475	\$ (10,525)
Disbursements	(116,572)	(116,572)	-	116,572
Net Change in Fund Balance	(66,572)	(66,572)	39,475	106,047
Fund Balance - Beginning	66,572	66,572	66,572	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,047</u>	<u>\$ 106,047</u>
ROAD & BRIDGE IMPROVEMENT FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(106,612)	(106,612)	(82,698)	23,914
Transfers in	106,609	106,609	82,871	(23,738)
Transfers out	-	-	-	-
Net Change in Fund Balance	(3)	(3)	173	176
Fund Balance - Beginning	3	3	3	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 176</u>	<u>\$ 176</u>
VISITOR'S PROMOTION FUND				
Receipts	\$ 235,000	\$ 235,000	\$ 192,834	\$ (42,166)
Disbursements	(235,000)	(235,000)	(192,834)	42,166
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

DAKOTA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REGISTER OF DEEDS PRESERVATION & MODERNIZATION FUND				
Receipts	\$ 17,712	\$ 17,712	\$ 9,607	\$ (8,105)
Disbursements	(20,000)	(20,000)	(7,426)	12,574
Net Change in Fund Balance	(2,288)	(2,288)	2,181	4,469
Fund Balance - Beginning	2,288	2,288	2,288	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,469</u>	<u>\$ 4,469</u>
HEALTH INSURANCE FUND				
Receipts	\$ 1,297,219	\$ 1,297,219	\$ 144,089	\$ (1,153,130)
Disbursements	(1,610,701)	(1,610,701)	(1,030,516)	580,185
Transfers in	-	-	692,927	692,927
Transfers out	-	-	-	-
Net Change in Fund Balance	(313,482)	(313,482)	(193,500)	119,982
Fund Balance - Beginning	313,482	313,482	313,482	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 119,982</u>	<u>\$ 119,982</u>
STOP FUND				
Receipts	\$ 2,377	\$ 2,377	\$ 1,641	\$ (736)
Disbursements	(5,000)	(5,000)	(42)	4,958
Net Change in Fund Balance	(2,623)	(2,623)	1,599	4,222
Fund Balance - Beginning	2,623	2,623	2,623	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,222</u>	<u>\$ 4,222</u>
COUNTY DRUG LAW ENFORCEMENT & EDUCATION FUND				
Receipts	\$ 3,327	\$ 3,327	\$ -	\$ (3,327)
Disbursements	(5,000)	(5,000)	-	5,000
Net Change in Fund Balance	(1,673)	(1,673)	-	1,673
Fund Balance - Beginning	1,673	1,673	1,673	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,673</u>	<u>\$ 1,673</u>
FEDERAL DRUG LAW ENFORCEMENT FUND				
Receipts	\$ 2,284	\$ 2,284	\$ -	\$ (2,284)
Disbursements	(5,000)	(5,000)	-	5,000
Net Change in Fund Balance	(2,716)	(2,716)	-	2,716
Fund Balance - Beginning	2,716	2,716	2,716	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,716</u>	<u>\$ 2,716</u>

DAKOTA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
HEALTH PLANNING GRANT FUND				
Receipts	\$ 48,000	\$ 48,000	\$ 37,225	\$ (10,775)
Disbursements	(133,500)	(133,500)	(40,954)	92,546
Transfers in	-	-	-	-
Transfers out	-	-	(6,321)	(6,321)
Net Change in Fund Balance	(85,500)	(85,500)	(10,050)	75,450
Fund Balance - Beginning	85,500	85,500	85,500	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,450</u>	<u>\$ 75,450</u>
MINORITY HEALTH INTIATIVE GRANT FUND				
Receipts	\$ 162,230	\$ 162,230	\$ 55,338	\$ (106,892)
Disbursements	(152,660)	(152,660)	(34,461)	118,199
Transfers in	-	-	-	-
Transfers out	(52,918)	(52,918)	(12,594)	40,324
Net Change in Fund Balance	(43,348)	(43,348)	8,283	51,631
Fund Balance - Beginning	43,348	43,348	43,348	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,631</u>	<u>\$ 51,631</u>
LAW ENFORCEMENT EQUIPMENT GRANT FUND				
Receipts	\$ 34,235	\$ 34,235	\$ 6,774	\$ (27,461)
Disbursements	(50,000)	(50,000)	-	50,000
Net Change in Fund Balance	(15,765)	(15,765)	6,774	22,539
Fund Balance - Beginning	15,765	15,765	15,765	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,539</u>	<u>\$ 22,539</u>
JUVENILE SERVICES AID FUND				
Receipts	\$ 83,818	\$ 83,818	\$ 83,819	\$ 1
Disbursements	(96,970)	(96,970)	(73,818)	23,152
Transfers in	-	-	-	-
Transfers out	-	-	(6,321)	(6,321)
Net Change in Fund Balance	(13,152)	(13,152)	3,680	16,832
Fund Balance - Beginning	13,152	13,152	13,152	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,832</u>	<u>\$ 16,832</u>

(Continued)

DAKOTA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
INHERITANCE TAX FUND				
Receipts	\$ 500,000	\$ 500,000	\$ 89,021	\$ (410,979)
Disbursements	(1,249,050)	(1,249,050)	(2,166)	1,246,884
Transfers in	-	-	-	-
Transfers out	(250,000)	(250,000)	(970,000)	(720,000)
Net Change in Fund Balance	(999,050)	(999,050)	(883,145)	115,905
Fund Balance - Beginning	999,050	999,050	999,050	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,905</u>	<u>\$ 115,905</u>
E-911 EMERGENCY MANAGEMENT				
Receipts	\$ 90,836	\$ 90,836	\$ 56,730	\$ (34,106)
Disbursements	(100,000)	(100,000)	(48,261)	51,739
Net Change in Fund Balance	(9,164)	(9,164)	8,469	17,633
Fund Balance - Beginning	9,164	9,164	9,164	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,633</u>	<u>\$ 17,633</u>
HUNT MEMORIAL FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(467)	(467)	-	467
Net Change in Fund Balance	(467)	(467)	-	467
Fund Balance - Beginning	467	467	467	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 467</u>	<u>\$ 467</u>
JAIL BOND SALES TAX FUND				
Receipts	\$ 26	\$ 26	\$ 20	\$ (6)
Disbursements	(489,977)	(489,977)	(331,692)	158,285
Transfers in	-	-	-	-
Transfers out	-	-	(100,000)	(100,000)
Net Change in Fund Balance	(489,951)	(489,951)	(431,672)	58,279
Fund Balance - Beginning	489,951	489,951	489,951	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,279</u>	<u>\$ 58,279</u>
JAIL PROPERTY BOND FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(90,320)	(90,320)	-	90,320
Net Change in Fund Balance	(90,320)	(90,320)	-	90,320
Fund Balance - Beginning	90,320	90,320	90,320	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,320</u>	<u>\$ 90,320</u>

(Continued)

DAKOTA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>HANDICAPPED ACCESSIBILITY FUND</u>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(2,150)	(2,150)	-	2,150
Net Change in Fund Balance	(2,150)	(2,150)	-	2,150
Fund Balance - Beginning	2,150	2,150	2,150	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,150</u>	<u>\$ 2,150</u>

(Concluded)

DAKOTA COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	Hard Surface Road Fund	Federal Aid - Roads Fund	Highway Bridge Buyback Program Fund	Road & Bridge Improvement Fund	Visitor's Promotion Fund
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 192,834
Investment Income	-	-	-	-	-
Intergovernmental	-	73,534	39,475	-	-
Charges for Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
TOTAL RECEIPTS	<u>-</u>	<u>73,534</u>	<u>39,475</u>	<u>-</u>	<u>192,834</u>
DISBURSEMENTS					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	82,698	-
Health and Sanitation	-	-	-	-	-
Culture and Recreation	-	-	-	-	192,834
TOTAL DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,698</u>	<u>192,834</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>-</u>	<u>73,534</u>	<u>39,475</u>	<u>(82,698)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	82,871	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,871</u>	<u>-</u>
Net Change in Fund Balances	-	73,534	39,475	173	-
FUND BALANCES - BEGINNING	<u>21,524</u>	<u>84,160</u>	<u>66,572</u>	<u>3</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 21,524</u>	<u>\$ 157,694</u>	<u>\$ 106,047</u>	<u>\$ 176</u>	<u>\$ -</u>
FUND BALANCES:					
Restricted for:					
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	-	-	-
Debt Service	21,524	-	-	-	-
Road Maintenance	-	157,694	106,047	-	-
Health Planning and Assistance	-	-	-	-	-
Aid and Assistance	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Road and Bridge Maintenance	-	-	-	176	-
Aid and Assistance	-	-	-	-	-
Health Insurance	-	-	-	-	-
Assigned to:					
Other Projects	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 21,524</u>	<u>\$ 157,694</u>	<u>\$ 106,047</u>	<u>\$ 176</u>	<u>\$ -</u>

(Continued)

DAKOTA COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	Register of Deeds Preservation & Modernization Fund	Health Insurance Fund	STOP Fund	County Drug Law Enforcement & Education Fund	Federal Drug Law Enforcement Fund	Health Planning Grant Fund
RECEIPTS						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Income	-	3,500	-	-	-	-
Intergovernmental	-	-	-	-	-	36,186
Charges for Services	9,607	-	1,641	-	-	-
Miscellaneous	-	140,589	-	-	-	1,039
TOTAL RECEIPTS	<u>9,607</u>	<u>144,089</u>	<u>1,641</u>	<u>-</u>	<u>-</u>	<u>37,225</u>
DISBURSEMENTS						
General Government	7,426	1,030,516	-	-	-	-
Public Safety	-	-	42	-	-	-
Public Works	-	-	-	-	-	-
Health and Sanitation	-	-	-	-	-	40,954
Culture and Recreation	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>7,426</u>	<u>1,030,516</u>	<u>42</u>	<u>-</u>	<u>-</u>	<u>40,954</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>2,181</u>	<u>(886,427)</u>	<u>1,599</u>	<u>-</u>	<u>-</u>	<u>(3,729)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	692,927	-	-	-	-
Transfers out	-	-	-	-	-	(6,321)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>692,927</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,321)</u>
Net Change in Fund Balances	2,181	(193,500)	1,599	-	-	(10,050)
FUND BALANCES - BEGINNING	<u>2,288</u>	<u>313,482</u>	<u>2,623</u>	<u>1,673</u>	<u>2,716</u>	<u>85,500</u>
FUND BALANCES - ENDING	<u>\$ 4,469</u>	<u>\$ 119,982</u>	<u>\$ 4,222</u>	<u>\$ 1,673</u>	<u>\$ 2,716</u>	<u>\$75,450</u>
FUND BALANCES:						
Restricted for:						
911 Emergency Services	-	-	-	-	-	-
Drug Education	-	-	-	1,673	-	-
Law Enforcement	-	-	-	-	2,716	-
Preservation of Records	4,469	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Road Maintenance	-	-	-	-	-	-
Health Planning and Assistance	-	-	-	-	-	75,450
Aid and Assistance	-	-	-	-	-	-
Committed to:						
Law Enforcement	-	-	4,222	-	-	-
Road and Bridge Maintenance	-	-	-	-	-	-
Aid and Assistance	-	-	-	-	-	-
Health Insurance	-	119,982	-	-	-	-
Assigned to:						
Other Projects	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 4,469</u>	<u>\$ 119,982</u>	<u>\$ 4,222</u>	<u>\$ 1,673</u>	<u>\$ 2,716</u>	<u>\$75,450</u>

(Continued)

DAKOTA COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	Minority Health Initiative Grant Fund	Law Enforcement Equipment Grant Fund	Juvenile Services Aid Fund	Inheritance Tax Fund	E-911 Emergency Management
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ -	\$ 89,021	\$ 56,730
Investment Income	-	-	-	-	-
Intergovernmental	54,388	6,774	83,819	-	-
Charges for Services	-	-	-	-	-
Miscellaneous	950	-	-	-	-
TOTAL RECEIPTS	<u>55,338</u>	<u>6,774</u>	<u>83,819</u>	<u>89,021</u>	<u>56,730</u>
DISBURSEMENTS					
General Government	-	-	-	2,166	-
Public Safety	-	-	73,818	-	48,261
Public Works	-	-	-	-	-
Health and Sanitation	34,461	-	-	-	-
Culture and Recreation	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>34,461</u>	<u>-</u>	<u>73,818</u>	<u>2,166</u>	<u>48,261</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>20,877</u>	<u>6,774</u>	<u>10,001</u>	<u>86,855</u>	<u>8,469</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	(12,594)	-	(6,321)	(970,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(12,594)</u>	<u>-</u>	<u>(6,321)</u>	<u>(970,000)</u>	<u>-</u>
Net Change in Fund Balances	8,283	6,774	3,680	(883,145)	8,469
FUND BALANCES - BEGINNING	<u>43,348</u>	<u>15,765</u>	<u>13,152</u>	<u>999,050</u>	<u>9,164</u>
FUND BALANCES - ENDING	<u>\$ 51,631</u>	<u>\$ 22,539</u>	<u>\$ 16,832</u>	<u>\$ 115,905</u>	<u>\$ 17,633</u>
FUND BALANCES:					
Restricted for:					
911 Emergency Services	-	-	-	-	17,633
Drug Education	-	-	-	-	-
Law Enforcement	-	22,539	-	-	-
Preservation of Records	-	-	-	-	-
Debt Service	-	-	-	-	-
Road Maintenance	-	-	-	-	-
Health Planning and Assistance	51,631	-	-	-	-
Aid and Assistance	-	-	16,832	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Road and Bridge Maintenance	-	-	-	-	-
Aid and Assistance	-	-	-	-	-
Health Insurance	-	-	-	-	-
Assigned to:					
Other Projects	-	-	-	115,905	-
TOTAL FUND BALANCES	<u>\$ 51,631</u>	<u>\$ 22,539</u>	<u>\$ 16,832</u>	<u>\$ 115,905</u>	<u>\$ 17,633</u>

(Continued)

DAKOTA COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	Hunt Memorial Fund	Jail Bond Sales Tax Fund	Jail Property Bond Fund	Handicapped Accessibility Fund	Total Nonmajor Governmental Funds
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 338,585
Investment Income	-	20	-	-	3,520
Intergovernmental	-	-	-	-	294,176
Charges for Services	-	-	-	-	11,248
Miscellaneous	-	-	-	-	142,578
TOTAL RECEIPTS	-	20	-	-	790,107
DISBURSEMENTS					
General Government	-	-	-	-	1,040,108
Public Safety	-	331,692	-	-	453,813
Public Works	-	-	-	-	82,698
Health and Sanitation	-	-	-	-	75,415
Culture and Recreation	-	-	-	-	192,834
TOTAL DISBURSEMENTS	-	331,692	-	-	1,844,868
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	-	(331,672)	-	-	(1,054,761)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	775,798
Transfers out	-	(100,000)	-	-	(1,095,236)
TOTAL OTHER FINANCING SOURCES (USES)	-	(100,000)	-	-	(319,438)
Net Change in Fund Balances	-	(431,672)	-	-	(1,374,199)
FUND BALANCES - BEGINNING	467	489,951	90,320	2,150	2,243,908
FUND BALANCES - ENDING	\$ 467	\$ 58,279	\$ 90,320	\$ 2,150	\$ 869,709
FUND BALANCES:					
Restricted for:					
911 Emergency Services	-	-	-	-	17,633
Drug Education	-	-	-	-	1,673
Law Enforcement	-	-	-	-	25,255
Preservation of Records	-	-	-	-	4,469
Debt Service	-	-	-	-	21,524
Road Maintenance	-	-	-	-	263,741
Health Planning and Assistance	-	-	-	-	127,081
Aid and Assistance	467	-	-	-	17,299
Committed to:					
Law Enforcement	-	58,279	90,320	-	152,821
Road and Bridge Maintenance	-	-	-	-	176
Aid and Assistance	-	-	-	2,150	2,150
Health Insurance	-	-	-	-	119,982
Assigned to:					
Other Projects	-	-	-	-	115,905
TOTAL FUND BALANCES	\$ 467	\$ 58,279	\$ 90,320	\$ 2,150	\$ 869,709

(Concluded)

DAKOTA COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2018

	County Clerk	Register of Deeds	Clerk of the District Court	County Sheriff	Highway Superintendent	Veterans' Service Officer
BALANCES JULY 1, 2017	\$ 572	\$ 23,814	\$ 112,797	\$ 51,394	\$ 76	\$ 19,125
RECEIPTS						
Property Taxes	-	-	-	-	-	-
Licenses and Permits	3,714	-	-	520	-	-
Intergovernmental	-	-	-	-	-	-
Charges for Services	3,063	108,272	52,580	91,941	-	-
Miscellaneous	-	-	50	8,716	5,676	18,000
State Fees	-	115,484	44,230	-	-	-
Other Liabilities	-	-	453,304	7,653	-	-
TOTAL RECEIPTS	6,777	223,756	550,164	108,830	5,676	18,000
DISBURSEMENTS						
Payments to County Treasurer	6,577	110,332	50,089	90,730	5,627	-
Payments to State Treasurer	-	118,078	45,382	-	-	-
Other Liabilities	-	-	430,476	32,859	25	11,989
TOTAL DISBURSEMENTS	6,577	228,410	525,947	123,589	5,652	11,989
BALANCES JUNE 30, 2018	<u>\$ 772</u>	<u>\$ 19,160</u>	<u>\$ 137,014</u>	<u>\$ 36,635</u>	<u>\$ 100</u>	<u>\$ 25,136</u>
BALANCES CONSIST OF:						
Due to County Treasurer	\$ 772	\$ 10,037	\$ 8,537	\$ 36,158	\$ -	\$ 25,136
Petty Cash	-	-	50	200	100	-
Due to State Treasurer	-	9,123	1,769	-	-	-
Due to Others	-	-	126,658	277	-	-
BALANCES JUNE 30, 2018	<u>\$ 772</u>	<u>\$ 19,160</u>	<u>\$ 137,014</u>	<u>\$ 36,635</u>	<u>\$ 100</u>	<u>\$ 25,136</u>

(Continued)

DAKOTA COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2018

	<u>County Extension</u>	<u>County Health Department</u>	<u>County Planning and Zoning</u>	<u>County Jail</u>	<u>Total</u>
BALANCES JULY 1, 2017	\$ -	\$ -	\$ -	\$ 71,742	\$ 279,520
RECEIPTS					
Property Taxes	-	-	-	-	-
Licenses and Permits	-	-	1,819	-	6,053
Intergovernmental	-	131,269	-	-	131,269
Charges for Services	-	10,443	-	163,589	429,888
Miscellaneous	16,368	-	-	2,449	51,259
State Fees	-	-	-	-	159,714
Other Liabilities	-	-	-	802,099	1,263,056
TOTAL RECEIPTS	<u>16,368</u>	<u>141,712</u>	<u>1,819</u>	<u>968,137</u>	<u>2,041,239</u>
DISBURSEMENTS					
Payments to County Treasurer	-	141,712	1,819	153,186	560,072
Payments to State Treasurer	-	-	-	-	163,460
Other Liabilities	13,127	-	-	793,890	1,282,366
TOTAL DISBURSEMENTS	<u>13,127</u>	<u>141,712</u>	<u>1,819</u>	<u>947,076</u>	<u>2,005,898</u>
BALANCES JUNE 30, 2018	<u>\$ 3,241</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,803</u>	<u>\$ 314,861</u>
BALANCES CONSIST OF:					
Due to County Treasurer	\$ -	\$ -	\$ -	\$ 24,327	\$ 104,967
Petty Cash	3,241	-	-	28,000	31,591
Due to State Treasurer	-	-	-	-	10,892
Due to Others	-	-	-	40,476	167,411
BALANCES JUNE 30, 2018	<u>\$ 3,241</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,803</u>	<u>\$ 314,861</u>

(Concluded)

DAKOTA COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
 June 30, 2018

Item	2013	2014	2015	2016	2017
Tax Certified by Assessor					
Real Estate	\$ 24,834,949	\$ 27,032,718	\$ 27,011,855	\$ 26,682,428	\$ 28,224,843
Personal and Specials	2,404,051	2,648,309	2,400,169	2,330,661	2,385,090
Total	27,239,000	29,681,027	29,412,024	29,013,089	30,609,933
Corrections					
Additions	1,146,567	39,687	2,045	178,222	3,990
Deductions	(56,175)	(59,253)	(329,966)	(401,313)	(45,036)
Net Additions/ (Deductions)	1,090,392	(19,566)	(327,921)	(223,091)	(41,046)
Corrected Certified Tax	28,329,392	29,661,461	29,084,103	28,789,998	30,568,887
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2014	15,556,251	-	-	-	-
June 30, 2015	11,920,875	17,323,472	-	-	-
June 30, 2016	(12,170)	12,219,003	17,527,957	-	-
June 30, 2017	1,666	17,556	11,473,262	17,199,078	-
June 30, 2018	862,139	86,518	80,051	11,575,325	18,280,842
Total Net Collections	28,328,761	29,646,549	29,081,270	28,774,403	18,280,842
Total Uncollected Tax	\$ 631	\$ 14,912	\$ 2,833	\$ 15,595	\$ 12,288,045
Percentage Uncollected Tax	0.00%	0.05%	0.01%	0.05%	40.20%

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



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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DAKOTA 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
Dakota 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 Dakota County, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Dakota County's basic financial statements, and have issued our report thereon dated April 2, 2019. 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 Dakota 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 Dakota 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 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 Dakota 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

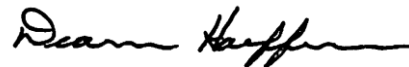
We also noted certain matters that we reported to the management of Dakota County in a separate letter dated April 2, 2019.

Dakota County's Response to Findings

Dakota 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

April 2, 2019



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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April 2, 2019

Board of Commissioners
Dakota County, Nebraska

Dear Commissioners:

We have audited the basic financial statements of Dakota County (County) for the fiscal year ended June 30, 2018, and have issued our report thereon dated April 2, 2019. 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

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.

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 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.

Charge Cards

The County was unable to provide a full listing of all County charge cards and accounts maintained by their personnel. Further, the County was unable to provide any policies or procedures regulating the use and maintenance of the County purchasing cards and accounts. As of June 30, 2018, the County had 41 open charge cards through US Bank and paid \$59,802 towards charges made on those cards during the fiscal year. The County indicated there were also several accounts with various local business, such as Sam's Club, Walmart, and Menards; however, were unable to provide a full listing of accounts, nor who had access to use those accounts. The use of charge cards and accounts by these offices increases the risk of possible errors or irregularities, as the County Board approves payment after the expenditures have already occurred. The following table provides a summary, by office, of known charge cards held by the County:

Office	US Bank VISA Cards
Assessor	1
Attorney	2
Building & Grounds	2
Clerk of District Court	1
Commissioner	2
Communication	1
District Judge	1
Extension	1
Health	1
Jail	4
Juvenile Diversion	1
Roads	4
Sheriff	17
Treasurer	1
Veterans	1
Weeds	1
Total	41

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 proper restrictions on high-risk transactions, such as charge card transactions, so no individual is capable of circumventing the claims process through the County Board.

We recommend the County Board review current charge card procedures to assess the risk of these transaction types being used improperly, accumulate a complete listing of all charge cards in the County name, and assign charge cards to only necessary employees. We further recommend the County Board create policies to regulate the use of the charge cards and accounts.

Petty Cash Funds

During the audit, we noted the following offices had petty cash that was neither approved by the County Board nor included in the fiscal policy of the annual budget message:

- The Extension Office had unauthorized petty cash funds of \$3,241.
- The County Clerk's Imprest Account had unauthorized petty cash funds of \$1,000.

- The County Sheriff had unauthorized petty cash funds of \$317, of which \$200 was maintained in a bank account that was inactive during the entire fiscal year.

Further, we noted that the County Clerk of the District Court maintains a \$50 approved petty cash fund; however, such fund is not included in the accounting records of the office.

Lastly, we noted one petty cash transaction, totaling \$24, for the County Highway Superintendent, was reimbursed 447 days after the expense was incurred.

Neb. Rev. Stat. § 23-106(2) (Reissue 2012) states the following:

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

Neb. Rev. Stat. § 23-135(1) (Reissue 2012) states the following, in relevant part:

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

Good internal controls and sound business practice require procedures to ensure that all petty cash funds held by a County office are: 1) authorized by the County Board; 2) reflected in the fiscal policy of the County Board budget message; and 3) accurately reflected in the financial records of such office. Without such procedures, there is an increased risk for not only the loss, theft, or misuse of funds but also noncompliance with State statute.

We recommend the County Board implement procedures to ensure all petty cash funds held by a County office are authorized by the County Board and reflected in the fiscal policy of the County Board's budget message. Additionally, such funds should be accurately reflected in the financial records of the appropriate office.

COUNTY BOARD

Delinquent Tax Procedures

During our audit, we noted the following:

- The County Board did not direct the County Treasurer to issue tax sale certificates on delinquent taxes.
- The County Board did not direct the County Attorney to foreclose on delinquent property taxes.

Neb. Rev. Stat. § 77-1918 (Reissue 2018) states the following:

On or before October 1 of each year, the county treasurer shall make a report in writing to the county board setting out a complete list of all real property in the county on which any taxes are delinquent and which was not sold for want of bidders at the last annual tax sale held in such county. It shall be the duty of the county board, at its first meeting held after the making of such report, to carefully examine the same, and while it may direct the issuance of tax sale certificates to the county upon any real property upon which there are any delinquent taxes, it shall, as to all

real property upon which taxes are delinquent for three or more years, either enter an order directing the foreclosure of the lien of such taxes as provided in section 77-1901 or enter an order for the county treasurer to issue tax sale certificates to the county covering the delinquent taxes upon such real property, to be foreclosed upon in the manner and at the time provided in sections 77-1901 to 77-1918.

The county board shall have authority to direct the county attorney to commence foreclosure of such liens or certificates or it may designate another attorney to commence such actions, and the county board is authorized to pay any reasonable fee for such foreclosures to be assessed as costs. . . .

Any county treasurer, county attorney, or member of the county board who willfully fails, neglects, or refuses to perform the duties imposed by such sections shall be guilty of official misdemeanor and subject to removal from office as provided in sections 23-2001 to 23-2009. If the county board fails to dismiss the county attorney for failure to foreclose liens, the county board shall be removed. Any member of a county board who, upon a motion duly made by one member of such board to remove a county attorney from office who has failed to foreclose liens, does not vote for such motion or any member who votes to retain a county attorney in office after it has been brought to the board's attention that he or she has failed to foreclose liens shall be subject to removal from office as provided in sections 23-2001 to 23-2009.

When the procedures required by § 77-1918 are not carried out, the County is not in compliance with the aforementioned statute, resulting in the potential of taxes not being collected.

We recommend the County Board implement procedures to ensure all statutorily required procedures are followed to ensure delinquent taxes are collected.

Financial Benefit

We noted two County Board members did not follow statutorily required procedures – including abstaining from voting – when faced with taking official action that could result in their own unique financial benefit, as follows:

- In May 2018, County Board member Scott Love failed to take the appropriate action with regard to a claim for \$2,425 payable to Love Brothers Truck and Trailer, Inc., an entity in which he reported a financial interest to the Nebraska Accountability and Disclosure Commission.
- Throughout the year, County Board member Kevin Rohde failed to take the appropriate action during a vote to approve of his own payroll as a County Sheriff Deputy. For fiscal year 2018, gross wages approved by Mr. Rohde for his own work totaled \$59,051.

The Nebraska Political Accountability and Disclosure Act (Act), which is set out at Neb. Rev. Stat. §§ 49-14-101 to 49-14,142 (Reissue 2010, Cum. Supp. 2018) directs an official of a political subdivision to follow certain procedures when faced with taking any official action that could result in his or her own unique financial benefit. Specifically, § 49-1499.03(1) of the Act provides the following:

(a) An official of a political subdivision designated in section 49-1493 who would be required to take any action or make any decision in the discharge of his or her official duties that may cause financial benefit or detriment to him or her, a member of his or her immediate family, or a business with which he or she is associated, which is distinguishable from the effects of such action on the public generally or a broad segment of the public, shall take the following actions as soon as he or she is aware of such potential conflict or should reasonably be aware of such potential conflict, whichever is sooner:

- (i) Prepare a written statement describing the matter requiring action or decision and the nature of the potential conflict; and*

(ii) Deliver a copy of the statement to the commission and to the person in charge of keeping records for the political subdivision who shall enter the statement onto the public records of the subdivision.

(b) The official shall take such action as the commission shall advise or prescribe to remove himself or herself from influence over the action or decision on the matter.

(c) This subsection does not prevent such a person from making or participating in the making of a governmental decision to the extent that the individual's participation is legally required for the action or decision to be made. A person acting pursuant to this subdivision shall report the occurrence to the commission.

(Emphasis added.) Section 49-1493(10) includes an “elected county official” among those designated political subdivision officials subject to the requirements of § 49-1499.03(1).

By failing to follow statutorily required procedures when faced with taking any official action that could result in their own unique financial benefit, County Board members increase the risk for not only the loss or misuse of County funds but also noncompliance with State law.

We recommend County Board members follow statutorily required procedures when faced with taking any official action that could result in their own unique financial benefit. Additionally, because this comment addresses apparent violations of the Act, we are forwarding the information provided herein to the Nebraska Accountability and Disclosure Commission for further review.

Claim Issues

The following issues were noted during testing of claims paid by the County:

Supporting Documentation

For eight claims tested, totaling \$9,595, adequate supporting documentation was not attached. For six of those claims, totaling \$9,137, no supporting documentation whatsoever was provided. In most instances, a description of the item was included on the claim request; however, no support, such as an invoice or receipt, was provided to verify the claim amounts. See below for a listing of these items:

Claim Number	Date	Payee	Item(s) Purchased	Amount
17080169	8/23/2017	Innovative Appraisal Services, Inc	Hours Worked, Mileage, & Hotel	\$ 1,382
17080164	8/28/2017	Zachary S. Hindman	Legal Services	\$ 3,616
18010087	12/12/2017	EWDS, Inc.	Hours Worked	\$ 694
18010066	1/9/2018	Bralda, Inc.	Hours Worked	\$ 792
18040238	4/2/2018	Hotel Irvine Jamboree	Hotel Stay	\$ 164
18060165	5/22/2018	Adobe	Adobe PDF	\$ 90
18060165	6/1/2018	Kum & Go	Fuel	\$ 45
18060165	6/5/2018	Taggarts Powersports	Weed Sprayer	\$ 2,354
Total				\$ 9,137

For both of the remaining two claims, totaling \$458, a receipt indicating the total amount of the purchase was provided to the County Board; however, information regarding the purpose of each purchase, such as an itemized receipt, was not available.

Claim Number	Date	Payee	Item(s) Purchased	Amount
17120141	11/9/2017	Hubbard Post Office	Postage	\$ 7
17120141	12/5/2017	Hubbard Post Office	Postage	\$ 49
18060165	5/30/2018	Hubbard Post Office	Postage	\$ 117
18060165	6/6/2018	Amazon	Toner	\$ 8
18060165	6/6/2018	Amazon	Supplies	\$ 277
Total				\$ 458

Unauthorized Expenses

During the review of claims, we noted the payment of several expenses that do not appear to be an appropriate use of County funds, as follows:

- For claim 18020265, dated 2/26/2018, the County approved payment for expenses, totaling \$33, for the employee breakroom, such as coffee, coffee creamer, and cutlery.
- For claim 17120141, dated 12/18/2017, the County approved payment for expenses, totaling \$256, for the County Christmas party, including cake mix and ingredients, Godiva chocolate, mugs, candy, and potholders.

The County has entered into an agreement with the Dakota County Employee Association for the rental of pop machines at the County. That agreement states, in part, “The balance of the proceeds collected shall be the only money the Dakota County Employees Association may use for the flower fund and for the employees annual recognition party.”

The Local Government Miscellaneous Expenditure Act (Act), which is set out at Neb. Rev. Stat. §§ 13-2201 through 13-2204 (Reissue 2012, Cum. Supp. 2018), establishes strict parameters for the expenditure of public funds by designated public entities, including county boards. With the possible exception of the annual recognition party, the types of purchases detailed above are not authorized by the Act.

Good internal controls and sound business practice require procedures to ensure that all expenditures of County funds are supported by appropriate documentation. Such procedures should ensure also that County funds are expended only for necessary and allowable purchases.

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

We recommend the County Board implement procedures to ensure all expenditures of County funds are supported by appropriate documentation, and County funds are expended only for necessary and allowable purchases.

COUNTY SHERIFF

Office Accountability

During our audit, we noted the following issues with the County Sheriff’s accounting procedures at June 30, 2018:

- A monthly asset-to-liability reconciliation was not performed for the fee account. A cash long was noted at June 30, 2018, in the amount of \$16,853.

- A savings account with a balance of \$2,072 at June 30, 2018, was maintained. This account was inactive during the fiscal year, and the County Sheriff was unable to provide a purpose for this account.
- During the audit in March 2019, we noted monetary evidence of \$7,775 from closed cases dating from 1989 to 2011 was still maintained on hand.
- No log or receipts were maintained for accident report fees collected.
- Checks were signed by the County Sheriff in advance of being filled out completely.

Jail Records

A complete and accurate monthly asset-to-liability reconciliation was not performed during the fiscal year ended June 30, 2018, resulting in the following:

- An unknown short of \$1,792 between the bank balance and book balance in the jail commissary account.
- An unknown long of \$6,748 in the house arrest account, an unknown long of \$2,126 in the petty cash account, and an unknown short of \$2,084 in an account labeled old jail commissary.
- No detailed list of inmate resident balances and other payables at June 30, 2018.

Sound accounting practices and good internal controls require procedures to ensure adequate reconciliation and balancing methods are utilized, including procedures to ensure office assets (cash on hand, reconciled bank balance, accounts payable, etc.) are in agreement with office liabilities (fee and trust accounts) on at least a monthly basis. Such procedures should also include the timely identification and resolution of all variances noted and the maintenance of proper documentation to support correct balances. Further, those procedures should require the review of all cash held to ensure proper action has been taken to remit those balances to the appropriate parties.

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

We recommend the County Sheriff implement monthly fund-balancing procedures to ensure the performance of regular bank and asset-to-liability reconciliations. We further recommend the County Sheriff review all funds held, including evidence, and remit excess funds and cash fees collected to the appropriate parties. We recommend the County Sheriff implement procedures to ensure checks are not signed before being completely filled out.

Unauthorized Use of Collections

During the fiscal year, we noted the County Sheriff was paying for expenses out of money collected for fees in several accounts, as follows:

- The County Sheriff was using money from the bank account in which paper service fees were deposited to pay off the County charge card. Per discussion with the County Sheriff, this process was done to avoid late fees and interest; however, we noted \$24 of such fees were paid during the fiscal year.

- The County Sheriff sold 10 guns, by order of the Dakota County District Court, for \$1,000. The proceeds of such sale was then used to purchase scopes and mounts for other guns. These purchases were never approved by the County Board.
- The County Sheriff maintained a bank account in which breath tests fees were collected, totaling \$6,849 at June 30, 2018. Expenses incurred for Intoximeters totaled \$470 during the fiscal year, and lab fees were paid out of this account with no County Board approval or reimbursement.

Neb. Rev. Stat. § 23-1601(1) (Reissue 2012) states, in relevant part, the following:

It is the duty of the county treasurer to receive all money belonging to the county, from whatsoever source derived . . . and all other money which is by law directed to be paid to him or her. All money received by the county treasurer for the use of the county shall be paid out by him or her only on warrants issued by the county board according to law . . .

Further, Neb. Rev. Stat. § 23-3106 (Reissue 2012) states, in relevant part, the following:

The purchasing agent, under the supervision of the county board, or the county board, if there is no purchasing agent, shall purchase all personal property and services required by any office, officer, department, or agency of the county government in the county, subject to the County Purchasing Act.

When County funds are spent without the approval of the County Board, there is an increased risk for the loss or misuse of County funds.

We recommend the County Sheriff implement procedures to ensure all expenses incurred are appropriately paid through the County Board or approved for payment with an authorized petty cash fund.

Unclaimed Property

As of June 30, 2018, we noted the County Sheriff had checks that were outstanding for over three years and, therefore, qualified as unclaimed property required to be remitted to the State Treasurer, as follows:

- Fee account maintained 31 outstanding checks, totaling \$406, from October 2008 through June 2015.
- Jail account maintained 252 outstanding checks, totaling \$2,169, from December 2008 through September 2014.

Neb. Rev. Stat. § 69-1307.01 (Reissue 2018) states the following:

Except as otherwise provided by law, all intangible personal property held for the owner by any court, public corporation, public authority, or public officer of this state, or a political subdivision thereof, that has remained unclaimed by the owner for more than three years is presumed abandoned.

Neb. Rev. Stat. § 69-1310 (Reissue 2018) states, in relevant part, the following:

(a) Every person holding funds or other property, tangible or intangible, presumed abandoned under the Uniform Disposition of Unclaimed Property Act shall report to the State Treasurer with respect to the property as hereinafter provided.

* * * *

(d) The report shall be filed before November 1 of each year as of June 30 next preceding . . . The property must accompany the report unless excused by the State Treasurer for good cause. The State Treasurer may postpone the reporting date upon written request by any person required to file a report.

Without procedures to ensure that outstanding checks qualifying as unclaimed property are remitted timely to the State Treasurer, there is an increased risk of noncompliance with State statute.

We recommend the County Treasurer and the County Sheriff implement procedures to ensure that outstanding checks qualifying as unclaimed property are remitted to the State Treasurer in accordance with State statute.

COUNTY TREASURER

Real Property Tax Credit Distribution

During testing, we noted the distribution of Real Property Tax Credit was not calculated correctly. We noted an excess of \$14,707 was refunded to the State instead of distributed to the subdivisions. While entering the distribution into the system, the County Treasurer initially excluded a 1% commission, which was then refunded to the State. Another 1% commission was retained by the County after the distribution was made in accordance with State statute. The following table summarizes the variances noted.

Subdivision	Over/(Under) Payments
County General	\$ (2,977)
Municipalities (4 Villages)	\$ (107)
South Sioux City	\$ (979)
Dakota City	\$ (162)
Fire Districts (5 Districts)	\$ (126)
Papio-Missouri NRD	\$ (787)
Lower Elkhorn NRD	\$ (2)
Historical Society	\$ (14)
Ag Society	\$ (63)
ESU 1	\$ (122)
Northeast Comm. College	\$ (1,901)
South Sioux City School District	\$ (4,390)
Homer SD 31	\$ (2,441)
Ponca School District	\$ (71)
Allen School District	\$ (131)
Emerson-Hubbard SD 561	\$ (1,417)
TIF All Am	\$ 1,502
TIF Jackson Ethanol	\$ (272)
TIF 25th/ 29th Street	\$ (66)
TIF Jackson Express	\$ (5)
TIF So Sioux Redev	\$ (162)
TIF West 29th	\$ (14)
Excess remitted to the State	\$ 14,707

Additionally, we noted the amounts reported to the Nebraska Department of Revenue on Form 403, Return of Unused Real Property Tax Credit, did not properly reflect amounts actually distributed.

	Per Form 403	Actual	Variance
Tax Credit Distributed to Subdivisions	\$ 1,621,983	\$ 1,578,033	\$ 43,950
Retained for 1% Commission	16,220	15,940	280
Unused Credit Returned to the State*	25,150	25,150	-
Total Received	\$ 1,663,353	\$ 1,619,123	\$ 44,230

*While the amount of unused credit returned to the State was accurately reported as the amount actually remitted, this balance contains the additional \$14,707, as noted above.

Neb. Rev. Stat. § 77-4212(3) (Reissue 2018) states the following, in relevant part:

Upon the return of any funds under this subsection, the county treasurer shall electronically file a report with the Property Tax Administrator, on a form prescribed by the Tax Commissioner, indicating the amount of funds distributed to each taxing unit in the county in the year the funds were returned, any collection fee retained by the county in such year, and the amount of unused credits returned.

Subsection (4)(b) of that same statute also provides, in relevant part, the following:

After retaining one percent of the receipts for costs, the county treasurer shall allocate the remaining receipts to each taxing unit based on its share of the credits granted to all taxpayers in the taxing unit.

Additionally, a good internal control plan requires procedures to ensure that Real Property Tax Credit distributions are calculated in accordance with applicable statutory requirements, and amounts reported to the Nebraska Department of Revenue reflect properly the amounts actually distributed.

When such procedures do not exist, and Real Property Tax Credit distributions are not calculated correctly, political subdivisions do not receive the appropriate amount of funding, increasing the risk for the loss or misuse of funds.

We recommend the County Treasurer discuss a refund to correct the erroneous Real Property Tax Credit distribution with the County Board and the Nebraska Department of Revenue. Additionally, we recommend the County Treasurer implement procedures to ensure future Real Property Tax Credit distributions are calculated correctly, and amounts reported to the Nebraska Department of Revenue properly reflect actual distribution amounts.

Motor Vehicle Pro-Rate Distribution

During testing, we noted that the 2018 distribution of Motor Vehicle Pro-Rate was not calculated correctly for four subdivisions. Additionally, we noted that the 2017 distribution of Motor Vehicle Pro-Rate was calculated correctly; however, for two of the same subdivisions, the amount was not distributed to the correct fund. The following table summarizes the variances noted.

Subdivision	Over/(Under) Payments
County General Fund	\$ 5
Papio-Missouri NRD General Fund	\$ 417
Papio-Missouri NRD Bond Fund	\$ (152)
Emerson Fire District General Fund	\$ 69
Emerson Fire District Bond Fund	\$ (24)
Ponca School District General Fund	\$ (315)

Neb. Rev. Stat. § 60-3,202(3) (Cum. Supp. 2018) states, in relevant part, the following:

Upon receipt of motor vehicle tax funds from the State Treasurer, the county treasurer shall distribute such funds to taxing agencies within the county in the same proportion that the levy of each such taxing agency bears to the total of such levies of all taxing agencies in the county.

When Motor Vehicle Pro-Rate distributions are not calculated correctly, political subdivisions do not receive the appropriate amount of funding, increasing the risk for the loss or misuse of funds.

We recommend the County Treasurer correct the erroneous distribution. Additionally, we recommend the County Treasurer implement procedures to ensure future Motor Vehicle Pro-Rate distributions are calculated correctly.

5% Gross In Lieu Distribution

During testing, we noted that one of two distributions of 5% Gross In Lieu was not calculated correctly. The errors were due to the inclusion of an extra fund in the Village of Hubbard calculation and the exclusion of one fund for the Village of Jackson calculation.

Subdivision	Over/(Under) Payments
County General Fund	\$ 29
Emerson-Hubbard School District 561 *	\$ (149)
Village of Hubbard	\$ 83
South Sioux City School District 11*	\$ (109)
South Sioux City School District 11 Bond	\$ 418
Ponca School District 1	\$ (106)
Ponca School District 1 Bond	\$ (10)
Homer School District 31 *	\$ (99)
Village of Jackson*	\$ (57)

*Balance is associated with multiple funds within the entity.

Neb. Rev. Stat. § 70-651.04 (Reissue 2018) states the following:

All payments which are based on retail revenue from each incorporated city or village shall be divided and distributed by the county treasurer to that city or village, to the school districts located in that city or village, to any learning community located in that city or village for payments distributed prior to September 1, 2017, and to the county in which may be located any such incorporated city or village in the proportion that their respective property tax levies in the preceding year bore to the total of such levies, except that the only learning community levies to be included are the common levies for which the proceeds are distributed to member school districts pursuant to section 79-1073.

When 5% Gross In Lieu distributions are not correctly calculated, political subdivisions do not receive the appropriate amount of funding, increasing the risk for the loss or misuse of funds.

We recommend the County Treasurer correct the erroneous distribution. Additionally, we recommend the County Treasurer implement procedures to ensure future In Lieu distributions are calculated correctly.

Homestead Distribution

During testing, we noted that the distribution of homestead receipts were not calculated correctly. The errors were due to the incorrect recording of a homestead correction. The following table summarizes the variances for all six payments of homestead distributions, including one payment noted after fiscal year end, in July 2018.

Subdivision	Over/(Under) Payments
County General Fund	\$ 49
South Sioux City*	\$ 639
Dakota City*	\$ (872)
Papio-Missouri NRD*	\$ 5
Historical Society	\$ 1
Agricultural Society*	\$ 1
ESU 1	\$ 2
Northeast Community College*	\$ 13
South Sioux City School District 11*	\$ 145
South Sioux City School District 11 Bond	\$ 17

*Balance is associated with multiple funds within the entity.

Neb. Rev. Stat. § 77-3523 (Reissue 2018) states, in relevant part, the following:

The county treasurer and county assessor shall, on or before November 30 of each year, certify to the Tax Commissioner the total tax revenue that will be lost to all taxing agencies within the county from taxes levied and assessed in that year because of exemptions allowed under sections 77-3501 to 77-3529. . . . Reimbursement of the funds lost shall be made to each county according to the certification and shall be distributed in six as nearly as possible equal monthly payments on the last business day of each month beginning in January. . . . Out of the amount so received the county treasurer shall distribute to each of the taxing agencies within his or her county the full amount so lost by such agency, except that one percent of such amount shall be deposited in the county general fund

When homestead distributions are not calculated correctly, political subdivisions do not receive the appropriate amount of funding, increasing the risk for the loss or misuse of funds.

We recommend the County Treasurer correct the erroneous distribution. Additionally, we recommend the County Treasurer implement procedures to ensure future homestead distributions are calculated correctly.

Insufficient Pledged Collateral

During our audit, we noted that the County Treasurer did not maintain securities to cover fully deposits held at three financial institutions, as follows:

- For accounts maintained at Iowa-Nebraska State Bank, deposits were uncollateralized for 140 days during the fiscal year, with uncollateralized amounts ranging from \$37,856 to \$3,654,024.
- For accounts maintained at F&M Bank, deposits were uncollateralized for 244 days during the fiscal year, with uncollateralized amounts ranging from \$23,132 to \$5,486,204.
- For accounts maintained at First Community Bank, deposits were uncollateralized for 87 days during the fiscal year, with uncollateralized amounts ranging from \$10,120 to \$740,120.

Neb. Rev. Stat. § 77-2395(1) (Reissue 2018) states, in relevant part, the following:

[T]he custodial official shall not have on deposit in such depository any public money or public funds in excess of the amount insured or guaranteed by the Federal Deposit Insurance Corporation, unless and until the depository has furnished to the custodial official securities, the market value of which are in an amount not less than one hundred two percent of the amount on deposit which is in excess of the amount so insured or guaranteed.

Additionally, sound accounting practice and a good internal control plan requires procedures for ensuring that money in a County bank account is safeguarded through sufficient collateralization.

Without such procedures, there is an increased risk of not only noncompliance with State statute but also the loss of public funds. A similar issue has been noted in prior audits.

We recommend the County Treasurer monitor all bank accounts closely, especially on high-volume days, to ensure that collateralization is sufficient to cover deposits fully.

Semi-Annual Statements

During the review of the published semi-annual statement for June 30, 2018, we noted the following:

- Three funds were not reported appropriately on the Semi-Annual Statement. The State Overload Fines Fund, totaling \$1,256, and two Drainage District funds, totaling \$49, were included with the County funds instead of their respective entities.
- Although the Jackson School District has been dissolved, \$683 is still being held in the school fund and not paid out in accordance with State statute.
- The County has a “Junk Fund” with a negative balance of \$57. This balance was accumulated during a conversion of an old accounting system to a new accounting system in the County Treasurer’s office multiple years ago. This account has had no activity, and no follow-up action has been taken by the County.
- Tax sale redemptions were not recorded in the MIPS accounting system. Tax sales redemptions during the year total at least \$138,451.

Neb. Rev. Stat. § 23-1606 (Reissue 2012) requires the County Treasurer’s semi-annual statement to do the following:

[S]how (1) the amount of money received and for what fund; (2) the amount of warrants or orders presented and registered, and upon what fund; (3) the amount of warrants or orders paid and from what fund; (4) the amount of money on hand in each fund; (5) the amount of outstanding warrants or orders registered and unpaid; (6) the total amount of money on hand; and (7) the total amount of unpaid claims of the county as of June 15 and December 15 each year, as certified to the county treasurer by the county clerk.

Neb. Rev. Stat. § 23-1601(4)(a) (Reissue 2012) states, in relevant part, the following:

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

Good internal control and sound business practices require procedures to ensure that trust and agency balances of the County are reviewed on an ongoing, timely basis to determine what action should be taken to resolve those balances. Without such procedures, there is an increased risk for the loss, theft, or misuse of funds.

We recommend the County Treasurer implement procedures to ensure the Semi-Annual Statement accurately reflects the County's activity, including the appropriate publication of all funds. Additionally, we recommend the County Treasurer review all funds to ensure they are current and accurate, or appropriate action is taken to resolve such balances.

School Surety Bonds

For two school districts located in Dakota County, a School Surety Bond was not on file.

Neb. Rev. Stat. § 11-107 (Reissue 2012) states the following:

The official bonds of all county, precinct and township officers shall be approved by the county board, except the official bonds of the county commissioners or supervisors, which shall be approved by the county judge. All such bonds shall be filed and recorded in the office of the county clerk, except the bonds of the county clerk and members of the county board, which shall be filed and recorded in the office of the county judge. The official bond of a school district treasurer must be approved by the president and secretary, and filed in the office of the treasurer of the county.

We recommend the County Treasurer implement procedures to ensure all surety bonds are on file as required by State statute.

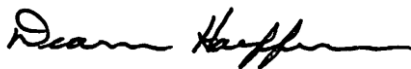
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It should be noted this report is critical in nature, as it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any strong features of the County.

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. 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, CPA
Assistant Deputy Auditor