

**AUDIT REPORT  
OF  
DAWES COUNTY**

**JULY 1, 2018, THROUGH JUNE 30, 2019**

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the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original  
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**Issued on June 3, 2020**

DAWES COUNTY

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DAWES COUNTY  
451 Main St.  
Chadron, NE 69337

**LIST OF COUNTY OFFICIALS**  
At June 30, 2019

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	Jake Stewart Webb Johnson Valentin Rivera	Jan. 2023 Jan. 2021 Jan. 2023
Assessor Planning & Zoning	Roberta Coleman	Jan. 2023
Attorney	Vance Haug	Jan. 2023
Clerk Election Commissioner Register of Deeds	Cheryl Feist	Jan. 2023
Clerk of the District Court	Celeste Cattin	Jan. 2023
Sheriff	Karl Dailey	Jan. 2023
Surveyor	Phillip Curd	Jan. 2023
Treasurer	Sam Wellnitz	Jan. 2023
Veterans' Service Officer	Darrin Crowell	Appointed
Weed Superintendent	Dan Wordekemper	Appointed
Highway Superintendent	Larry Hankin	Appointed
Emergency Manager	Nan Gould	Appointed
Public Defender	Becca Chasek	Appointed
Tourism Director	Kristina Harter	Appointed



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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DAWES COUNTY

## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Dawes County, Nebraska

### Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dawes County, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and aggregate remaining fund information of Dawes County as of June 30, 2019, 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 17-27, 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 June 1, 2020, on our consideration of Dawes County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dawes County's internal control over financial reporting and compliance.



Deann Haeffner, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska

June 1, 2020

DAWES COUNTY  
**STATEMENT OF NET POSITION - CASH BASIS**  
 June 30, 2019

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents (Note 1.D)	\$ 3,160,530
Investments (Note 1.D)	102,634
<b>TOTAL ASSETS</b>	<b>\$ 3,263,164</b>
 <b>NET POSITION</b>	
Restricted for:	
Visitor Promotion	\$ 105,154
911 Emergency Services	177,667
Drug Education	1,882
Law Enforcement	12,697
Preservation of Records	5,325
Debt Service	22,179
Road Maintenance	126,231
Unrestricted	2,812,029
<b>TOTAL NET POSITION</b>	<b>\$ 3,263,164</b>

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

DAWES COUNTY  
**STATEMENT OF ACTIVITIES - CASH BASIS**  
For the Year Ended June 30, 2019

<b>Functions:</b>	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
General Government	\$ (2,630,050)	\$ 225,577	\$ 187,238	\$ (2,217,235)
Public Safety	(1,142,773)	30,009	37,622	(1,075,142)
Public Works	(2,584,273)	-	1,071,388	(1,512,885)
Health and Sanitation	(8,469)	-	-	(8,469)
Public Assistance	(143,918)	-	-	(143,918)
Culture and Recreation	(207,919)	-	3,000	(204,919)
Debt Payments	(354,040)	-	-	(354,040)
Total Governmental Activities	<u>\$ (7,071,442)</u>	<u>\$ 255,586</u>	<u>\$ 1,299,248</u>	<u>(5,516,608)</u>

General Receipts:

Property Taxes	3,718,061
Grants and Contributions Not Restricted to Specific Programs	787,649
Investment Income	48,776
Licenses and Permits	26,362
Miscellaneous	44,720
Total General Receipts	<u>4,625,568</u>
Increase in Net Position	(891,040)
Net Position - Beginning of year	4,154,204
Net Position - End of year	<u>\$ 3,263,164</u>

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

DAWES COUNTY  
**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
June 30, 2019

	<u>General Fund</u>	<u>Road Fund</u>	<u>Inheritance Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents (Note 1.D)	\$ 533,119	\$ 444,777	\$ 1,662,591	\$ 520,043	\$ 3,160,530
Investments (Note 1.D)	-	-	102,634	-	102,634
<b>TOTAL ASSETS</b>	<u>\$ 533,119</u>	<u>\$ 444,777</u>	<u>\$ 1,765,225</u>	<u>\$ 520,043</u>	<u>\$ 3,263,164</u>
<b>FUND BALANCES</b>					
Restricted for:					
Visitor Promotion	-	-	-	105,154	105,154
911 Emergency Services	-	-	-	177,667	177,667
Drug Education	-	-	-	1,882	1,882
Law Enforcement	-	-	-	12,697	12,697
Preservation of Records	-	-	-	5,325	5,325
Debt Service	-	-	-	22,179	22,179
Road Maintenance	-	-	-	126,231	126,231
Committed to:					
Road Maintenance	-	444,777	-	-	444,777
Aid and Assistance	-	-	-	18,588	18,588
Appraisal of Property	-	-	-	50,327	50,327
Assigned to:					
Other Purposes	-	-	1,765,225	-	1,765,225
Unassigned	533,119	-	-	(7)	533,112
<b>TOTAL CASH BASIS FUND BALANCES</b>	<u>\$ 533,119</u>	<u>\$ 444,777</u>	<u>\$ 1,765,225</u>	<u>\$ 520,043</u>	<u>\$ 3,263,164</u>

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

DAWES COUNTY  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2019

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>					
Property Taxes	\$ 3,250,702	\$ -	\$ 150,289	\$ 317,070	\$ 3,718,061
Licenses and Permits	26,362	-	-	-	26,362
Investment Income	48,776	-	-	-	48,776
Intergovernmental	779,804	1,068,084	-	239,009	2,086,897
Charges for Services	250,917	-	-	4,669	255,586
Miscellaneous	44,704	-	-	16	44,720
<b>TOTAL RECEIPTS</b>	<u>4,401,265</u>	<u>1,068,084</u>	<u>150,289</u>	<u>560,764</u>	<u>6,180,402</u>
<b>DISBURSEMENTS</b>					
General Government	2,579,728	-	474	49,848	2,630,050
Public Safety	1,052,798	-	-	89,975	1,142,773
Public Works	127,939	2,025,629	-	430,705	2,584,273
Health and Sanitation	8,469	-	-	-	8,469
Public Assistance	142,669	-	-	1,249	143,918
Culture and Recreation	-	-	-	207,919	207,919
Debt Service:					
Principal Payments	-	-	-	354,040	354,040
Interest and Fiscal Charges	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>3,911,603</u>	<u>2,025,629</u>	<u>474</u>	<u>1,133,736</u>	<u>7,071,442</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>489,662</u>	<u>(957,545)</u>	<u>149,815</u>	<u>(572,972)</u>	<u>(891,040)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	855,720	-	388,000	1,243,720
Transfers out	(878,840)	-	(340,438)	(24,442)	(1,243,720)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(878,840)</u>	<u>855,720</u>	<u>(340,438)</u>	<u>363,558</u>	<u>-</u>
Net Change in Fund Balances	(389,178)	(101,825)	(190,623)	(209,414)	(891,040)
<b>CASH BASIS FUND BALANCES - BEGINNING</b>					
	<u>922,297</u>	<u>546,602</u>	<u>1,955,848</u>	<u>729,457</u>	<u>4,154,204</u>
<b>CASH BASIS FUND BALANCES - ENDING</b>					
	<u>\$ 533,119</u>	<u>\$ 444,777</u>	<u>\$ 1,765,225</u>	<u>\$ 520,043</u>	<u>\$ 3,263,164</u>

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

**DAWES COUNTY**  
**STATEMENT OF CASH BASIS NET POSITION**  
**FIDUCIARY FUNDS**  
 June 30, 2019

	Agency Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 597,989
 <b>LIABILITIES</b>	
Due to other governments	
State	129,057
Schools	214,575
Educational Service Units	2,260
Technical College	15,953
Natural Resource Districts	2,611
Fire Districts	4,089
Municipalities	33,070
Agricultural Society	651
District Court Trust Funds	120,876
Others	74,847
<b>TOTAL LIABILITIES</b>	<b>597,989</b>
 <b>TOTAL NET ASSETS</b>	 <b>\$ -</b>

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

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2019

1. **Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

Dawes County, Nebraska, (County) is a governmental entity established under and governed by the laws of the State of Nebraska (State). The County is managed by county officials who are elected on a political ballot for four-year terms. As a political subdivision of the State, the County is exempt from State and Federal income taxes. The financial statements include all funds of the County that are not legally separate. The County has also considered all potential component units for which it is financially accountable, as well as other organizations that are either fiscally dependent on the County or maintain a significant relationship with the County, such that exclusion would be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County. 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 I – The County has entered into an agreement with surrounding counties and the Nebraska Department of Health and Human Services to provide services to carry out the provisions of the Nebraska Behavioral Health Services Act (Act). Agreements were established under the authority of the Interlocal Cooperation Act for services to be provided under the Act. Region I (Region) consists of the following counties: Sioux, Dawes, Box Butte, Sheridan, Scotts Bluff, Morrill, Garden, Banner, Kimball, Cheyenne, and Deuel.

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$28,441 toward the operation of the Region during fiscal year 2019. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Department of Health and Human Services requires the Region to be audited annually in accordance with State statute. Financial information for the Region is available in those audit reports.

Health Department – The County has entered into an agreement with the Panhandle Public Health Department (Department) to provide public health services. The agreement was established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636 (Reissue 2018).

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

The Department's governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. The County did not contribute toward the operation of the Department during fiscal year 2019. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Cum. Supp. 2018). Financial information for the Department is available in that report.

**Interlocal Agreement.** Dawes County has entered into an interlocal agreement with the City of Crawford, Nebraska, to provide police services in addition to the general jurisdiction and law enforcement services otherwise provided. The City of Crawford paid the County a sum of \$198,799 for the fiscal year ended June 30, 2019. The agreement was originally entered into in 2011 and has been renewed annually since then.

**B. Basis of Presentation**

**Government-Wide Financial Statements.** The Statement of Net Position - Cash Basis and Statement of Activities - Cash Basis display information about the activities of the County and are in the format of government-wide statements, as required by GASB Statement Number 34. These statements include all the financial activities of the County, except for fiduciary activities. Internal activities in these statements were considered immaterial and have not been eliminated. Governmental Generally Accepted Accounting Principles (GAAP) requires internal activity to be eliminated to minimize double counting. The County reports governmental activities only. Governmental activities are generally financed through taxes, intergovernmental receipts, and other nonexchange transactions. The Statement of 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.

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

The County reports the following major governmental funds:

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

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

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

The County reports the following additional non-major governmental fund types:

**Special Revenue Funds.** These funds account for the proceeds from a specific receipt source that is restricted to disbursements for a specified purpose.

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

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

The County designates fund balances as follows:

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

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

**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.

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

The governmental fund financial statements were also reported on the cash receipt and disbursement basis of accounting. As such, the same measurement focus and basis of accounting were used, as described above. This differs from governmental GAAP, which requires governmental fund financial statements to be reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this measurement focus and basis of accounting, receipts are recognized as soon as they are both measurable and available. Receipts are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Disbursements are generally recorded when a liability is incurred, as under accrual accounting. However, disbursements related to compensated absences and claims and judgments are recorded only when payment is due.

**D. Assets and Net Position**

**Cash and Cash Equivalents.** The County's cash and cash equivalents are considered to be cash on hand 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 \$451,135 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.

DAWES 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.

**Deficit Fund Balance.** The Road Construction Fund had a deficit fund balance of \$7 as of June 30, 2019. The fund incurred disbursements that are currently not part of the original costs approved by the County Board, the County plans to transfer funds from the General Fund to cover the disbursements.

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 \$3,160,530 for County funds and \$597,989 for Fiduciary funds. The bank balances for all funds totaled \$3,726,726. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2019, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

The County's carrying value of investments is stated at cost, which approximates market. Investments consisted of \$102,634 deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a nine-member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income that has accrued to each participant is converted as of the close of business of each calendar month into additional units, which thereafter are held in each participant's trust account. Since net income of the fund is allocated among participants each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name.

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.

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Property Taxes** (Concluded)

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

The levy set in October 2018, for the 2018 taxes, which will be materially collected in May and September 2019, was set at \$.366047/\$100 of assessed valuation. The levy set in October 2017, for the 2017 taxes, which were materially collected in May and September 2018, was set at \$.360715/\$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, 2019, 73 employees contributed \$106,732, and the County contributed \$158,514. Contributions included \$3,167 in cash contributions towards the supplemental law enforcement plan for nine law enforcement employees. Lastly, the County paid \$600 directly to nine retired employees for prior service benefits.

DAWES COUNTY

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**5. Risk Management**

The County is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association (NIRMA), a public entity risk pool currently operating as a common risk management and insurance program for 96 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 coverage.

**6. Interfund Transfers**

Interfund transfers for the year ended June 30, 2019, consisted of the following:

<b>Transfers to</b>	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
Road Fund	\$ 755,720	\$ 100,000	\$ -	\$ 855,720
Nonmajor Funds	123,120	240,438	24,442	388,000
Total	\$ 878,840	\$ 340,438	\$ 24,442	\$ 1,243,720

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 year ended June 30, 2019, the County made a one-time transfer of \$24,442 from the Emergency 911 Service Fund to the 911 Wireless Service Fund to correct monies that were originally receipted into the incorrect fund.

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

(Concluded)

7. **Contingent Liabilities**

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

8. **Long-Term Debt**

**Courthouse Bond.** The County originally issued bonds on July 1, 2004, in the amount of \$745,000 for the purpose of paying the costs to update and remodel the courthouse. The 2004 bond was refinanced in July 2009, in the amount of \$760,000 and again in September 2012, in the amount of \$595,000. This bond was paid off fully during fiscal year 2019.

9. **Subsequent Event**

The County issued Series 2019 Highway Allocation Bonds on August 15, 2019, in the amount of \$1,140,000 for the purpose of paying the cost of constructing certain road improvements within the County, and to pay costs associated with the issuance of the bonds.

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

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 3,552,324	\$ 3,552,324	\$ 3,250,702	\$ (301,622)
Licenses and Permits	26,870	26,870	26,362	(508)
Interest	5,800	5,800	48,776	42,976
Intergovernmental	368,090	368,090	779,804	411,714
Charges for Services	421,600	421,600	250,917	(170,683)
Miscellaneous	28,912	28,912	44,704	15,792
<b>TOTAL RECEIPTS</b>	<b>4,403,596</b>	<b>4,403,596</b>	<b>4,401,265</b>	<b>(2,331)</b>
<b>DISBURSEMENTS</b>				
General Government:				
County Board	79,080	79,080	77,028	2,052
County Clerk	192,950	192,950	191,861	1,089
County Treasurer	193,240	193,240	181,679	11,561
County Assessor	184,840	184,840	176,263	8,577
Election Commissioner	21,200	21,200	11,164	10,036
Planning and Zoning	15,810	15,810	15,246	564
Clerk of the District Court	91,500	91,500	89,808	1,692
County Court System	85,150	85,150	67,536	17,614
District Judge	40,800	42,830	42,830	-
Public Defender	95,690	95,690	94,257	1,433
Building and Grounds	94,970	94,970	94,160	810
Agricultural Extension Agent	87,200	87,200	79,457	7,743
Miscellaneous	1,627,640	1,627,640	1,458,439	169,201
Public Safety				
County Sheriff	281,360	281,360	280,599	761
County Attorney	174,930	174,930	173,706	1,224
Communication Center	36,860	36,860	18,456	18,404
County Jail	321,160	384,564	384,564	-
Crawford Law Enforcement	153,260	155,656	155,656	-
County Attorney Child Support	44,810	44,810	39,817	4,993
Public Works				
County Surveyor	20,200	20,200	11,108	9,092
Noxious Weed Control	164,470	164,470	116,831	47,639
Public Health				
Alcohol and Drug Abuse	17,500	17,500	8,469	9,031
Public Assistance				
Veterans' Service Officer	98,080	99,543	95,566	3,977
Institutions	10,500	36,723	36,723	-
Relief	14,200	14,200	10,380	3,820
<b>TOTAL DISBURSEMENTS</b>	<b>4,147,400</b>	<b>4,242,916</b>	<b>3,911,603</b>	<b>331,313</b>

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

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	256,196	160,680	489,662	328,982
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	200,000	200,000	-	(200,000)
Transfers out	(836,170)	(836,170)	(878,840)	(42,670)
TOTAL OTHER FINANCING SOURCES (USES)	(636,170)	(636,170)	(878,840)	(242,670)
Net Change in Fund Balance	(379,974)	(475,490)	(389,178)	86,312
<b>FUND BALANCE - BEGINNING</b>	879,974	879,974	922,297	42,323
<b>FUND BALANCE - ENDING</b>	<u>\$ 500,000</u>	<u>\$ 404,484</u>	<u>\$ 533,119</u>	<u>\$ 128,635</u>

(Concluded)

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

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD FUND</b>				
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,050,488	\$ 1,050,488	\$1,068,084	\$ 17,596
<b>TOTAL RECEIPTS</b>	<u>1,050,488</u>	<u>1,050,488</u>	<u>1,068,084</u>	<u>17,596</u>
<b>DISBURSEMENTS</b>	<u>2,059,570</u>	<u>2,059,570</u>	<u>2,025,629</u>	<u>33,941</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(1,009,082)</u>	<u>(1,009,082)</u>	<u>(957,545)</u>	<u>51,537</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	855,710	855,710	855,720	10
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>855,710</u>	<u>855,710</u>	<u>855,720</u>	<u>10</u>
Net Change in Fund Balance	(153,372)	(153,372)	(101,825)	51,547
FUND BALANCE - BEGINNING	546,602	546,602	546,602	-
FUND BALANCE - ENDING	<u>\$ 393,230</u>	<u>\$ 393,230</u>	<u>\$ 444,777</u>	<u>\$ 51,547</u>
<b>INHERITANCE FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 109,152	\$ 109,152	\$ 150,289	\$ 41,137
<b>TOTAL RECEIPTS</b>	<u>109,152</u>	<u>109,152</u>	<u>150,289</u>	<u>41,137</u>
<b>DISBURSEMENTS</b>	<u>1,524,500</u>	<u>1,524,500</u>	<u>474</u>	<u>1,524,026</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(1,415,348)</u>	<u>(1,415,348)</u>	<u>149,815</u>	<u>1,565,163</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(540,500)	(540,500)	(340,438)	200,062
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(540,500)</u>	<u>(540,500)</u>	<u>(340,438)</u>	<u>200,062</u>
Net Change in Fund Balance	(1,955,848)	(1,955,848)	(190,623)	1,765,225
FUND BALANCE - BEGINNING	1,955,848	1,955,848	1,955,848	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,765,225</u>	<u>\$ 1,765,225</u>

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

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>HIGHWAY BRIDGE BUYBACK FUND</b>				
Receipts	\$ 109,908	\$ 109,908	\$ 189,904	\$ 79,996
Disbursements	(374,780)	(374,780)	(328,545)	46,235
Net Change in Fund Balance	(264,872)	(264,872)	(138,641)	126,231
Fund Balance - Beginning	264,872	264,872	264,872	-
Fund Balance - Ending	\$ -	\$ -	\$ 126,231	\$ 126,231
<b>ROAD CONSTRUCTION FUND</b>				
Receipts	\$ 7	\$ 7	\$ -	\$ (7)
Disbursements	(102,160)	(102,160)	(102,160)	-
Net Change in Fund Balance	(102,153)	(102,153)	(102,160)	(7)
Fund Balance - Beginning	102,153	102,153	102,153	-
Fund Balance - Ending	\$ -	\$ -	\$ (7)	\$ (7)
<b>VISITOR PROMOTION FUND</b>				
Receipts	\$ 114,824	\$ 114,824	\$ 99,407	\$ (15,417)
Disbursements	(139,400)	(139,400)	(100,886)	38,514
Net Change in Fund Balance	(24,576)	(24,576)	(1,479)	23,097
Fund Balance - Beginning	24,576	24,576	24,576	-
Fund Balance - Ending	\$ -	\$ -	\$ 23,097	\$ 23,097
<b>VISITOR IMPROVEMENT FUND</b>				
Receipts	\$ 110,008	\$ 110,008	\$ 93,328	\$ (16,680)
Disbursements	(205,770)	(205,770)	(107,033)	98,737
Net Change in Fund Balance	(95,762)	(95,762)	(13,705)	82,057
Fund Balance - Beginning	95,762	95,762	95,762	-
Fund Balance - Ending	\$ -	\$ -	\$ 82,057	\$ 82,057
<b>REAPPRAISAL FUND</b>				
Receipts	\$ 5	\$ 5	\$ -	\$ (5)
Disbursements	(100,000)	(100,000)	(49,848)	50,152
Transfers in	75,460	75,460	75,640	180
Transfers out	-	-	-	-
Net Change in Fund Balance	(24,535)	(24,535)	25,792	50,327
Fund Balance - Beginning	24,535	24,535	24,535	-
Fund Balance - Ending	\$ -	\$ -	\$ 50,327	\$ 50,327

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

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>PRESERVATION &amp; MODERNIZATION FUND</b>				
Receipts	\$ 16,344	\$ 16,344	\$ 4,669	\$ (11,675)
Disbursements	(17,000)	(17,000)	-	17,000
Net Change in Fund Balance	(656)	(656)	4,669	5,325
Fund Balance - Beginning	656	656	656	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,325</u>	<u>\$ 5,325</u>
<b>VETERANS' AID FUND</b>				
Receipts	\$ 9	\$ 9	\$ 16	\$ 7
Disbursements	(19,830)	(19,830)	(1,249)	18,581
Transfers in	5,000	5,000	5,000	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(14,821)	(14,821)	3,767	18,588
Fund Balance - Beginning	14,821	14,821	14,821	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,588</u>	<u>\$ 18,588</u>
<b>DRUG LAW ENFORCEMENT AND EDUCATION FUND</b>				
Receipts	\$ 618	\$ 618	\$ -	\$ (618)
Disbursements	(2,500)	(2,500)	-	2,500
Net Change in Fund Balance	(1,882)	(1,882)	-	1,882
Fund Balance - Beginning	1,882	1,882	1,882	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,882</u>	<u>\$ 1,882</u>
<b>GRANT FUND</b>				
Receipts	\$ 32,400	\$ 32,400	\$ 37,622	\$ 5,222
Disbursements	(41,000)	(41,000)	(33,525)	7,475
Transfers in	8,600	8,600	8,600	-
Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	12,697	12,697
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,697</u>	<u>\$ 12,697</u>

(Continued)

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

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>EMERGENCY 911 SERVICE FUND</b>				
Receipts	\$ 26,222	\$ 26,222	\$ 57,977	\$ 31,755
Disbursements	(58,000)	(58,000)	(32,364)	25,636
Transfers in	-	-	-	-
Transfers out	-	-	(24,442)	(24,442)
Net Change in Fund Balance	(31,778)	(31,778)	1,171	32,949
Fund Balance - Beginning	31,778	31,778	26,938	(4,840)
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,109</u>	<u>\$ 28,109</u>
<b>911 WIRELESS SERVICE FUND</b>				
Receipts	\$ 53,769	\$ 53,769	\$ 29,331	\$ (24,438)
Disbursements	(139,760)	(139,760)	(24,086)	115,674
Transfers in	-	-	58,322	58,322
Transfers out	-	-	-	-
Net Change in Fund Balance	(85,991)	(85,991)	63,567	149,558
Fund Balance - Beginning	85,991	85,991	85,991	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 149,558</u>	<u>\$ 149,558</u>
<b>COURTHOUSE PROJECTS FUND</b>				
Receipts	\$ 51,448	\$ 51,448	\$ 48,510	\$ (2,938)
Disbursements	(303,300)	(303,300)	(354,040)	(50,740)
Transfers in	240,500	240,500	240,438	(62)
Transfers out	(80,000)	(80,000)	-	80,000
Net Change in Fund Balance	(91,352)	(91,352)	(65,092)	26,260
Fund Balance - Beginning	91,352	91,352	87,271	(4,081)
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,179</u>	<u>\$ 22,179</u>

(Concluded)

DAWES COUNTY  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2019

	Highway Bridge Buyback Fund	Road Construction Fund	Visitor Promotion Fund	Visitor Improvement Fund
<b>RECEIPTS</b>				
Property Taxes	\$ -	\$ -	\$ 93,328	\$ 93,328
Intergovernmental	189,904	-	6,079	-
Charges for Services	-	-	-	-
Miscellaneous	-	-	-	-
<b>TOTAL RECEIPTS</b>	<u>189,904</u>	<u>-</u>	<u>99,407</u>	<u>93,328</u>
<b>DISBURSEMENTS</b>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	328,545	102,160	-	-
Public Assistance	-	-	-	-
Culture and Recreation	-	-	100,886	107,033
Debt Service:				
Principal Payments	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>328,545</u>	<u>102,160</u>	<u>100,886</u>	<u>107,033</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(138,641)</u>	<u>(102,160)</u>	<u>(1,479)</u>	<u>(13,705)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(138,641)	(102,160)	(1,479)	(13,705)
<b>FUND BALANCES - BEGINNING</b>	<u>264,872</u>	<u>102,153</u>	<u>24,576</u>	<u>95,762</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 126,231</u>	<u>\$ (7)</u>	<u>\$ 23,097</u>	<u>\$ 82,057</u>
<b>FUND BALANCES:</b>				
Restricted for:				
Visitor Promotion	-	-	23,097	82,057
911 Emergency Services	-	-	-	-
Drug Education	-	-	-	-
Law Enforcement	-	-	-	-
Preservation of Records	-	-	-	-
Debt Service	-	-	-	-
Road Maintenance	126,231	-	-	-
Committed to:				
Aid and Assistance	-	-	-	-
Appraisal of Property	-	-	-	-
Unassigned	-	(7)	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 126,231</u>	<u>\$ (7)</u>	<u>\$ 23,097</u>	<u>\$ 82,057</u>

DAWES COUNTY  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2019

	Reappraisal Fund	Preservation & Modernization Fund	Veterans' Aid Fund	Drug Law Enforcement and Education Fund	Grant Fund
<b>RECEIPTS</b>					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	16	-	37,622
Charges for Services	-	4,669	-	-	-
Miscellaneous	-	-	-	-	-
<b>TOTAL RECEIPTS</b>	<u>-</u>	<u>4,669</u>	<u>16</u>	<u>-</u>	<u>37,622</u>
<b>DISBURSEMENTS</b>					
General Government	49,848	-	-	-	-
Public Safety	-	-	-	-	33,525
Public Works	-	-	-	-	-
Public Assistance	-	-	1,249	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>49,848</u>	<u>-</u>	<u>1,249</u>	<u>-</u>	<u>33,525</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(49,848)</u>	<u>4,669</u>	<u>(1,233)</u>	<u>-</u>	<u>4,097</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	75,640	-	5,000	-	8,600
Transfers out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>75,640</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>8,600</u>
Net Change in Fund Balances	25,792	4,669	3,767	-	12,697
<b>FUND BALANCES - BEGINNING</b>	<u>24,535</u>	<u>656</u>	<u>14,821</u>	<u>1,882</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 50,327</u>	<u>\$ 5,325</u>	<u>\$ 18,588</u>	<u>\$ 1,882</u>	<u>\$ 12,697</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	1,882	-
Law Enforcement	-	-	-	-	12,697
Preservation of Records	-	5,325	-	-	-
Debt Service	-	-	-	-	-
Road Maintenance	-	-	-	-	-
Committed to:					
Aid and Assistance	-	-	18,588	-	-
Appraisal of Property	50,327	-	-	-	-
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 50,327</u>	<u>\$ 5,325</u>	<u>\$ 18,588</u>	<u>\$ 1,882</u>	<u>\$ 12,697</u>

DAWES COUNTY  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2019

	Emergency 911 Service Fund	911 Wireless Service Fund	Courthouse Projects Fund	Total Nonmajor Governmental Funds
<b>RECEIPTS</b>				
Property Taxes	\$ 57,961	\$ 29,331	\$ 43,122	\$ 317,070
Intergovernmental	-	-	5,388	239,009
Charges for Services	-	-	-	4,669
Miscellaneous	16	-	-	16
<b>TOTAL RECEIPTS</b>	<u>57,977</u>	<u>29,331</u>	<u>48,510</u>	<u>560,764</u>
<b>DISBURSEMENTS</b>				
General Government	-	-	-	49,848
Public Safety	32,364	24,086	-	89,975
Public Works	-	-	-	430,705
Public Assistance	-	-	-	1,249
Culture and Recreation	-	-	-	207,919
Debt Service:				
Principal Payments	-	-	354,040	354,040
Interest and Fiscal Charges	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>32,364</u>	<u>24,086</u>	<u>354,040</u>	<u>1,133,736</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>25,613</u>	<u>5,245</u>	<u>(305,530)</u>	<u>(572,972)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	58,322	240,438	388,000
Transfers out	(24,442)	-	-	(24,442)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(24,442)</u>	<u>58,322</u>	<u>240,438</u>	<u>363,558</u>
Net Change in Fund Balances	1,171	63,567	(65,092)	(209,414)
<b>FUND BALANCES - BEGINNING</b>	<u>26,938</u>	<u>85,991</u>	<u>87,271</u>	<u>729,457</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 28,109</u>	<u>\$ 149,558</u>	<u>\$ 22,179</u>	<u>\$ 520,043</u>
<b>FUND BALANCES:</b>				
Restricted for:				
Visitor Promotion	-	-	-	105,154
911 Emergency Services	28,109	149,558	-	177,667
Drug Education	-	-	-	1,882
Law Enforcement	-	-	-	12,697
Preservation of Records	-	-	-	5,325
Debt Service	-	-	22,179	22,179
Road Maintenance	-	-	-	126,231
Committed to:				
Aid and Assistance	-	-	-	18,588
Appraisal of Property	-	-	-	50,327
Unassigned	-	-	-	(7)
<b>TOTAL FUND BALANCES</b>	<u>\$ 28,109</u>	<u>\$ 149,558</u>	<u>\$ 22,179</u>	<u>\$ 520,043</u>

DAWES COUNTY  
**SCHEDULE OF OFFICE ACTIVITIES**  
For the Year Ended June 30, 2019

	<u>County Clerk</u>	<u>Clerk of the District Court</u>	<u>County Sheriff</u>	<u>County Attorney</u>	<u>Veterans' Service Officer</u>	<u>Employee Cafeteria Plan</u>	<u>Total</u>
BALANCES JULY 1, 2018	\$ 13,147	\$ 25,670	\$ 9,171	\$ 69	\$ 5,298	\$ 13,505	\$ 66,860
RECEIPTS							
Property Taxes	-	-	-	-	-	-	-
Licenses and Permits	1,729	-	420	-	-	-	2,149
Intergovernmental	-	-	-	-	1,249	20,520	21,769
Charges for Services	48,024	11,697	27,697	-	-	-	87,418
Miscellaneous	-	-	-	-	-	-	-
State Fees	55,223	6,900	-	-	-	-	62,123
Other Liabilities	-	347,700	11,088	1,852	-	-	360,640
<b>TOTAL RECEIPTS</b>	<b>104,976</b>	<b>366,297</b>	<b>39,205</b>	<b>1,852</b>	<b>1,249</b>	<b>20,520</b>	<b>534,099</b>
DISBURSEMENTS							
Payments to County Treasurer	49,834	10,571	29,634	-	-	-	90,039
Payments to State Treasurer	53,515	6,415	-	-	-	-	59,930
Other Liabilities	-	252,225	11,421	1,852	1,549	16,235	283,282
<b>TOTAL DISBURSEMENTS</b>	<b>103,349</b>	<b>269,211</b>	<b>41,055</b>	<b>1,852</b>	<b>1,549</b>	<b>16,235</b>	<b>433,251</b>
BALANCES JUNE 30, 2019	<u>\$ 14,774</u>	<u>\$ 122,756</u>	<u>\$ 7,321</u>	<u>\$ 69</u>	<u>\$ 4,998</u>	<u>\$ 17,790</u>	<u>\$ 167,708</u>
BALANCES CONSIST OF:							
Due to County Treasurer	\$ 5,752	\$ 1,880	\$ 6,012	\$ -	\$ 4,998	\$ 17,790	\$ 36,432
Petty Cash	100	-	-	-	-	-	100
Due to State Treasurer	8,922	1,514	-	-	-	-	10,436
Due to Others	-	119,362	1,309	69	-	-	120,740
BALANCES JUNE 30, 2019	<u>\$ 14,774</u>	<u>\$ 122,756</u>	<u>\$ 7,321</u>	<u>\$ 69</u>	<u>\$ 4,998</u>	<u>\$ 17,790</u>	<u>\$ 167,708</u>

DAWES COUNTY  
**SCHEDULE OF TAXES CERTIFIED AND COLLECTED**  
**FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY**  
June 30, 2019

Item	2014	2015	2016	2017	2018
<b>Tax Certified by Assessor</b>					
Real Estate	\$ 10,575,467	\$ 11,024,934	\$ 11,822,123	\$ 12,184,683	\$ 12,403,371
Personal and Specials	1,412,356	1,583,420	1,575,512	1,504,143	1,675,281
<b>Total</b>	<b>11,987,823</b>	<b>12,608,354</b>	<b>13,397,635</b>	<b>13,688,826</b>	<b>14,078,652</b>
<b>Corrections</b>					
Additions	10,822	2,791	9,150	4,036	4,589
Deductions	(12,497)	(11,847)	(6,239)	(53,606)	(34,556)
Net Additions/ (Deductions)	(1,675)	(9,056)	2,911	(49,570)	(29,967)
<b>Corrected Certified Tax</b>	<b>11,986,148</b>	<b>12,599,298</b>	<b>13,400,546</b>	<b>13,639,256</b>	<b>14,048,685</b>
<b>Net Tax Collected by County Treasurer during Fiscal Year Ending:</b>					
June 30, 2015	7,151,666	-	-	-	-
June 30, 2016	4,819,846	7,420,938	-	-	-
June 30, 2017	5,705	5,162,549	7,841,735	-	-
June 30, 2018	1,309	7,462	5,533,629	8,186,302	-
June 30, 2019	2,313	2,750	16,900	5,445,503	8,220,538
<b>Total Net Collections</b>	<b>11,980,839</b>	<b>12,593,699</b>	<b>13,392,264</b>	<b>13,631,805</b>	<b>8,220,538</b>
<b>Total Uncollected Tax</b>	<b>\$ 5,309</b>	<b>\$ 5,599</b>	<b>\$ 8,282</b>	<b>\$ 7,451</b>	<b>\$ 5,828,147</b>
<b>Percentage Uncollected Tax</b>	<b>0.04%</b>	<b>0.04%</b>	<b>0.06%</b>	<b>0.05%</b>	<b>41.49%</b>

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



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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DAWES COUNTY  
**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Board of Commissioners  
Dawes County, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dawes County, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Dawes County's basic financial statements, and have issued our report thereon dated June 1, 2020. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Dawes County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Dawes County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency to be a material weakness:

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Dawes County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Additional Items**

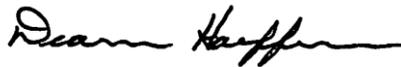
We also noted certain matters that we reported to the management of Dawes County in a separate letter dated June 1, 2020.

**Dawes County's Response to Findings**

Dawes County declined to respond to the finding described above.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Deann Haeffner, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska

June 1, 2020



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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June 1, 2020

Board of Commissioners  
Dawes County, Nebraska

Dear Commissioners:

We have audited the basic financial statements of Dawes County (County) for the fiscal year ended June 30, 2019, and have issued our report thereon dated June 1, 2020. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

During our audit, we noted certain matters involving internal control over financial reporting and other operational matters that are presented here. These comments and recommendations are intended to improve the internal control over financial reporting or result in operational efficiencies in the following areas:

## COUNTY TREASURER

### Reconciliation Procedures

We noted that the County Treasurer did not perform any reconciliations of the County's main checking account or the bank account used for online and credit card payments. The last such reconciliation was performed for July 2017. The County Treasurer uses a Daily Balance Sheet (DBS) to record activity in the bank accounts. We reconciled the County bank accounts from July 2017 through March 2020. For fiscal year 2019, the following reconciling items were noted. Negative amounts indicate that the bank balance is short compared to the DBS.

Description	Amount
Unsupported Journal Entry – Oct. 2017	\$ 35
Interest Not Receipted	\$ 684
Check Recording Errors on DBS	\$ 2,197
Deposit Recording Errors on DBS	\$ (2,218)
Bank Fees/Corrections Not on DBS	\$ (2,228)
Ending/Beginning Balance Difference on DBS	\$ 242
June 2019 USDA ACH Deposit Not Receipted	\$ 457
<b>Net Reconciling Items</b>	<b>\$ (831)</b>

We also reconciled the credit card account and noted reconciling items, totaling \$5,482, that were not identified and resolved in a timely manner by the County Treasurer. Amounts recorded on the DBS could not be supported, resulting in variances between amounts receipted and the amounts deposited. The following table reflects the months in which variances were noted:

<b>Month</b>	<b>Recorded on DBS</b>	<b>Deposited to Account</b>
August 2017		\$ 11,104.13
September 2017		\$ 1,966.88
October 2017	\$ (13,782.75)	\$ 2,962.42
November 2017	\$ (465.40)	
December 2017	\$ .03	\$ 2,474.53
January 2018	\$ 3.00	\$ 64.12
February 2018	\$ (27.99)	\$ 423.21
April 2018	\$ (672.54)	
May 2018	\$ (476.70)	
July 2018	\$ (249.70)	
August 2018	\$ (16,931.19)	\$ 16,405.46
September 2018	\$ (34.68)	\$ 11,023.22
October 2018	\$ (11,126.32)	\$ 1,197.20
December 2018	\$ (.40)	
January 2019	\$ (1,705.69)	
February 2019	\$ (768.18)	\$ 28.50
March 2019	\$ 25.00	
April 2019		\$ 3,933.32
June 2019	\$ (16.50)	\$ 129.14
<b>Totals</b>	<b>\$ (46,230.01)</b>	<b>\$ 51,712.13</b>

Additionally, we noted interest earned on the County Treasurer’s various bank accounts and CDs, totaling \$69,936, that was not receipted as of June 30, 2019. This amount includes the \$684 noted in the table above. Interest earned on the CDs was not receipted at all during the fiscal year, and October 2018 was the last time interest on the money market account was receipted.

Good internal controls require procedures to ensure that the County Treasurer’s DBS and other accounting records are accurate at all times, and earned interest is receipted timely. Bank reconciliations should be prepared on at least a monthly basis, and any errors noted should be identified and resolved in a timely manner.

Without such procedures, there is an increased risk for the loss or misuse of funds.

We recommend the County Treasurer implement procedures to ensure financial transactions are recorded correctly on the DBS, and bank balances are reconciled to the book balances in a timely manner. Bank records should be reconciled at least monthly to protect taxpayer dollars. We further recommend interest be receipted timely.

**Motor Vehicle Pro-Rate Distribution**

We noted that the County Treasurer’s April and June 2019 distributions of Motor Vehicle Pro-Rate were not correct. The County Treasurer continued to use 2017 taxes levied, rather than properly updating to use 2018 taxes levied. Consequently, the various political subdivisions of the County did not receive the correct amount of funding, as detailed in the following table:

<b>Subdivision</b>	<b>Over/(Under) Payments</b>
County General	\$ (19)
Chadron	\$ 4
Crawford	\$ (29)
Chadron Fire	\$ 6
NRD	\$ 12
ESU 13	\$ 7
Western CC	\$ (17)
Chadron Schools	\$ 249
Crawford Schools	\$ (149)
Hemmingford Schools	\$ (55)
Hay Springs Schools	\$ 8
Sioux Co. Schools	\$ (17)

Neb. Rev. Stat. § 60-3,202(3) (2019 Neb. Laws, LB 79, § 10) states 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*

Additionally, good internal controls require procedures to ensure distributions are calculated correctly and in accordance with applicable State statutes.

Without such procedures, there is an increased risk of political subdivisions not receiving the appropriate amount of funding, leading to possible loss or misuse of funds.

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

### **Fines and Licenses Distribution**

We noted that the County Treasurer’s January through June 2019 distributions of fines and licenses were not correct. The County Treasurer failed to update the student census numbers used in the calculation after new census information was provided by the Nebraska Department of Education. Consequently, the various school districts did not receive the correct amount of funding, as detailed in the following table:

<b>School</b>	<b>Over/(Under) Distribution</b>
Hemmingford Public Schools	\$ (430)
Chadron Public Schools	\$ (137)
Crawford Public Schools	\$ 554
Hay Springs Public Schools	\$ 158
Sioux County Schools	\$ (145)

Neb. Rev. Stat. § 79-1037 (Reissue 2014) provides the following:

*(1) Each county treasurer shall add (a) all money received by the county treasurer of his or her county on account of fines and licenses, (b) the proceeds from the sale of schoolhouses, sites, or other property of a school district, and (c) all unexpended balances of proceeds of taxes levied by a district when the district has been taken by the United States for any defense, flood control, irrigation, or war project.*

*(2) The sum total referred to in subsection (1) of this section shall be distributed to the several districts of the county pro rata according to the enumeration of those children who are five through eighteen years of age for which the district is obligated to report on the census last returned by the districts.*

Additionally, good internal controls require procedures to ensure distributions are calculated correctly and in accordance with applicable State statutes.

Without such procedures, there is an increased risk of schools not receiving the appropriate amount of funding, leading to possible loss or misuse of funds.

We recommend the County Treasurer correct the erroneous distributions. Additionally, we recommend the County Treasurer implement procedures to ensure future distributions of fines and license monies are calculated correctly.

**COUNTY BOARD**

**Duplicate Payments**

During testing we noted that two pairs of claims were duplicate payments. The claims to Manna Systems and Consulting were submitted by the Veterans’ Service Office and the claims to Outlaw Printers, Inc. were submitted by the County Assessor. The duplicate payments noted are detailed in the following table:

Payee	Duplicate Amount	Original Claim		Duplicate Claim	
		Date	Claim #	Date	Claim #
Manna Systems and Consulting	\$ 144	12/11/2018	18120032	12/27/2018	18120157
Outlaw Printers, Inc.	\$ 70	2/26/2019	19020189	4/9/2019	19040048
<b>Total</b>	<b>\$ 214</b>				

As of audit fieldwork in April 2020, the County could not provide documentation that a credit or refund had been received for these duplicate payments.

Good internal controls and sound business practices require procedures for reviewing all claims prior to approval to ensure they are not duplicate payments. Without such procedures, there is an increased risk for the loss or misuse of County funds.

We recommend the County Board implement procedures to ensure all claims are reviewed prior to approval to ensure they are not duplicate payments.

**Inventory Statements**

We noted the following regarding the County’s inventory statement filings:

- No inventory statement was filed with the County Board for the following offices: County Treasurer, Weed Superintendent, and E-911 Communications.
- The Highway Superintendent’s inventory statement was filed on September 24, 2019, or 24 days after the required deadline.

Neb. Rev. Stat. § 23-347 (Reissue 2012) requires the following:

*Within two calendar months after the close of each fiscal year, each county officer shall make, acknowledge under oath, and file with the county board of his or her county an inventory statement of all county personal property in the custody and possession of said county officer. The county board in each county shall examine into each inventory statement so filed, and, if said statement is correct and proper in every particular, the county board shall deliver each of said inventory statements to the clerk of the county for filing as a public record in said county clerk’s office in a manner convenient for reference.*

A good internal control plan requires procedures to ensure inventory statements are filed with the County Board within the timeframe required by statute.

Without such procedures, there is an increased risk for not only the misappropriation of County property but also noncompliance with State statute.

We recommend the County Board implement procedures to ensure inventory statements for all County offices are filed timely.

**CLERK OF THE DISTRICT COURT**

**Overdue Case Account Report Review**

During our audit, we noted that the District Court was not performing adequate follow-up procedures to resolve the overdue balances on the Overdue Case Account Report. We tested 10 overdue balances, totaling \$23,353, and noted all 10 balances did not have subsequent action taken by the District Court to ensure collection and/or resolution of the balances. As of February 28, 2020, the Overdue Case Account Report contained 91 overdue balances, totaling \$54,011, related to criminal cases. No cases had a current warrant issued.

<b>Year Case Filed</b>	<b>Number of Cases</b>	<b>Amount Overdue</b>
1998	4	\$ 1,441
1999	5	\$ 1,243
2000	12	\$ 4,862
2001	12	\$ 4,724
2002	12	\$ 8,033
2003	3	\$ 1,246
2004	8	\$ 4,951
2005	2	\$ 769
2006	5	\$ 12,132
2007	4	\$ 1,949
2009	2	\$ 1,097
2010	1	\$ 300
2011	1	\$ 50
2012	5	\$ 3,221
2014	2	\$ 1,780
2015	3	\$ 1,949
2016	2	\$ 831
2017	2	\$ 1,118
2018	4	\$ 2,014
2019	2	\$ 301
	<b>91</b>	<b>\$ 54,011</b>

Good internal controls and sound business practices require overdue amounts of the District Court to be reviewed on an ongoing, timely basis to determine what action should be taken to collect or otherwise resolve the overdue balances.

Without a regular, detailed review of the Overdue Case Account Report, there is an increased risk that balances may either not have proper follow-up action timely, resulting in the District Court not collecting all funds owed to it, or have been previously resolved and should no longer be reflected as being overdue in the accounting system.

We recommend the District Court implement procedures to ensure the Overdue Case Account Report is reviewed on an ongoing, timely basis. Potential courses of action for follow up on overdue case balances would include the issuance of warrants, a judge's determination and order to waive certain costs, if allowable, or a declaration of certain balances as being uncollectible.

## COUNTY SHERIFF

### Office Accountability

During the audit, we noted that the County Sheriff had an unknown cash shortage of \$129 at June 30, 2019. This was the result of the office not performing a monthly asset-to-liability reconciliation to ensure the office had sufficient office assets (reconciled bank balance, cash on hand, and accounts receivable) to pay office liabilities (unremitted fees and trust accounts).

Sound accounting practices and good internal controls require procedures to ensure, at least monthly, that office assets are in agreement with office liabilities, and any variances noted are investigated and resolved in a timely manner.

Without such procedures, there is an increased risk for not only the loss, theft, or misuse of funds but also errors to occur and remain undetected.

We recommend the County Sheriff implement procedures to ensure, at least monthly, that office assets are in agreement with office liabilities, and any variances are identified and resolved in a timely manner.

## COUNTY OVERALL

### Unclaimed Property

During our audit, we noted that three County offices had checks or trust balances that were outstanding for over three years and, therefore, qualified as unclaimed property required to be remitted to the State Treasurer, as follows:

- The County Attorney had trust balances, totaling \$69. These balances were originally received between 2001 and 2010.
- The Clerk of the District Court had two checks, totaling \$43.
- The County Treasurer had four checks, totaling \$51.

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.*

Good internal control requires procedures to ensure outstanding checks qualifying as unclaimed property are remitted timely to the State Treasurer.

Without such procedures, there is an increased risk of noncompliance with State statute.

We recommend the County Attorney, County Treasurer, and Clerk of the District Court implement procedures to ensure that trust balances and checks qualifying as unclaimed property are remitted to the State Treasurer in accordance with State statute

**Segregation of Duties**

Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. A system of internal control should include a proper segregation of duties, so no one individual is capable of handling all phases of a transaction from beginning to end.

We noted that the offices of the County each lacked a segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. A lack of segregation of duties increases the risk of possible errors or irregularities; however, due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost. This was also noted in prior audits.

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

\* \* \* \* \*

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

Draft copies of this report were furnished to the County to provide management with an opportunity to review the report and to respond to the comments and recommendations included in this report. 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