

**AUDIT REPORT
OF
DIXON COUNTY**

JULY 1, 2019, THROUGH JUNE 30, 2020

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

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

Issued on December 23, 2020

DIXON COUNTY

TABLE OF CONTENTS

	<u>Page</u>
List of County Officials	1
Financial Section	
Independent Auditor's Report	2 - 3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position - Cash Basis	4
Statement of Activities - Cash Basis	5
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds	6
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Governmental Funds	7
Statement of Cash Basis Net Position - Fiduciary Funds	8
Notes to Financial Statements	9 - 16
Combining Statements and Schedules:	
Budgetary Comparison Schedule - Budget and Actual - General Fund	17 - 18
Budgetary Comparison Schedule - Budget and Actual - Major Funds	19 - 20
Budgetary Comparison Schedule - Budget and Actual - Nonmajor Funds	21 - 24
Combining Statement of Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Nonmajor Governmental Funds	25 - 27
Schedule of Office Activities	28
Schedule of Taxes Certified and Collected for All Political Subdivisions in the County	29
Government Auditing Standards Section	
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 <i>Government Auditing Standards</i>	30 - 31

DIXON COUNTY
302 3rd St.
Ponca, NE 68770

LIST OF COUNTY OFFICIALS
At June 30, 2020

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Supervisors	Donald Andersen	Jan. 2023
	Lisa Lunz	Jan. 2023
	Alan Mackling	Jan. 2023
	Terry Nicholson	Jan. 2021
	Neil Blohm	Jan. 2021
	William Koch	Jan. 2021
	Roger Peterson	Jan. 2023
Assessor	Amy Watchorn	Jan. 2023
Attorney	Leland Miner	Jan. 2023
Clerk Election Commissioner Register of Deeds	Cindy Purucker	Jan. 2023
Clerk of the District Court	Jackie King-Coughlin	Jan. 2023
Sheriff	Don Taylor	Jan. 2023
Treasurer	JoAnn Brennan	Jan. 2023
Veterans' Service Officer	Bill Johnston	Appointed
Weed Superintendent	Douglas Ellis	Appointed
Highway Superintendent	Arnold Mellick	Appointed
Emergency Manager	Shea Scollard	Appointed



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
auditors.nebraska.gov

DIXON COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Dixon 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 Dixon County, as of and for the year ended June 30, 2020, 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 Dixon County as of June 30, 2020, 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.

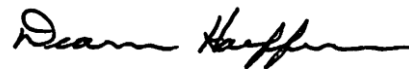
Report on Supplementary Information

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 17-29, 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 December 17, 2020, on our consideration of Dixon 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 Dixon County's internal control over financial reporting and compliance.



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

December 17, 2020

DIXON COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2020

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 5,509,662
Investments (Note 1.D)	3,006,897
TOTAL ASSETS	\$ 8,516,559
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 77,761
911 Emergency Services	280,866
Drug Education	1,500
Law Enforcement	3,648
Preservation of Records	4,840
Road Maintenance	371,217
Child Support Enforcement	5,615
Unrestricted	7,771,112
TOTAL NET POSITION	\$ 8,516,559

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

DIXON COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended June 30, 2020

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	\$ (3,462,890)	\$ 265,169	\$ 80,630	\$ (3,117,091)
Public Safety	(1,406,906)	34,417	242,142	(1,130,347)
Public Works	(2,563,877)	56,410	1,315,963	(1,191,504)
Public Assistance	(23,940)	-	-	(23,940)
Culture and Recreation	(50,288)	-	-	(50,288)
Debt Payments	(100,017)	-	-	(100,017)
Total Governmental Activities	\$ (7,607,918)	\$ 355,996	\$ 1,638,735	(5,613,187)
General Receipts:				
Property Taxes				4,839,491
Grants and Contributions Not Restricted to Specific Programs				740,796
Investment Income				98,956
Licenses and Permits				22,938
Miscellaneous				230,818
Total General Receipts				5,932,999
Increase in Net Position				319,812
Net Position - Beginning of year as restated				8,196,747
Net Position - End of year				\$ 8,516,559

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

DIXON COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
June 30, 2020

	<u>General Fund</u>	<u>Road & Bridge Fund</u>	<u>Inheritance Fund</u>	<u>County Health Insurance Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and Cash Equivalents (Note 1.D)	\$ 1,727,506	\$ 348,689	\$ 382,891	\$ 2,170,238	\$ 880,338	\$ 5,509,662
Investments (Note 1.D)	-	-	3,006,897	-	-	3,006,897
TOTAL ASSETS	<u>\$ 1,727,506</u>	<u>\$ 348,689</u>	<u>\$ 3,389,788</u>	<u>\$ 2,170,238</u>	<u>\$ 880,338</u>	<u>\$ 8,516,559</u>
FUND BALANCES						
Restricted for:						
Visitor Promotion	-	-	-	-	77,761	77,761
911 Emergency Services	-	-	-	-	280,866	280,866
Drug Education	-	-	-	-	1,500	1,500
Law Enforcement	-	-	-	-	3,648	3,648
Preservation of Records	-	-	-	-	4,840	4,840
Road Maintenance	-	-	-	-	371,217	371,217
Child Support Enforcement	-	-	-	-	5,615	5,615
Committed to:						
Law Enforcement	-	-	-	-	6,336	6,336
Road Maintenance	-	348,689	-	-	-	348,689
Aid and Assistance	-	-	-	-	8,595	8,595
County Health Insurance	-	-	-	2,170,238	12,018	2,182,256
Weed Control	-	-	-	-	107,942	107,942
Assigned to:						
Other Purposes	-	-	3,389,788	-	-	3,389,788
Unassigned	1,727,506	-	-	-	-	1,727,506
TOTAL CASH BASIS FUND BALANCES	<u>\$ 1,727,506</u>	<u>\$ 348,689</u>	<u>\$ 3,389,788</u>	<u>\$ 2,170,238</u>	<u>\$ 880,338</u>	<u>\$ 8,516,559</u>

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

DIXON COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	General Fund	Road & Bridge Fund	Inheritance Fund	County Health Insurance Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS						
Property Taxes	\$4,149,781	\$ -	\$ 632,339	\$ -	\$ 57,371	\$ 4,839,491
Licenses and Permits	22,938	-	-	-	-	22,938
Investment Income	98,900	-	8	-	48	98,956
Intergovernmental	752,160	1,315,963	2,996	-	308,412	2,379,531
Charges for Services	280,616	-	-	-	75,380	355,996
Miscellaneous	10,371	185,337	-	11,109	24,001	230,818
TOTAL RECEIPTS	<u>5,314,766</u>	<u>1,501,300</u>	<u>635,343</u>	<u>11,109</u>	<u>465,212</u>	<u>7,927,730</u>
DISBURSEMENTS						
General Government	1,346,033	-	812,726	1,299,770	4,361	3,462,890
Public Safety	1,233,540	-	-	-	173,366	1,406,906
Public Works	2,690	2,220,201	-	-	340,986	2,563,877
Public Assistance	23,940	-	-	-	-	23,940
Culture and Recreation	-	-	-	-	50,288	50,288
Debt Service:						
Principal Payments	-	-	-	-	85,000	85,000
Interest and Fiscal Charges	-	-	-	-	15,017	15,017
TOTAL DISBURSEMENTS	<u>2,606,203</u>	<u>2,220,201</u>	<u>812,726</u>	<u>1,299,770</u>	<u>669,018</u>	<u>7,607,918</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>2,708,563</u>	<u>(718,901)</u>	<u>(177,383)</u>	<u>(1,288,661)</u>	<u>(203,806)</u>	<u>319,812</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	46,424	599,715	-	1,720,830	224,104	2,591,073
Transfers out	(2,488,157)	(154)	-	(29,644)	(73,118)	(2,591,073)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,441,733)</u>	<u>599,561</u>	<u>-</u>	<u>1,691,186</u>	<u>150,986</u>	<u>-</u>
Net Change in Fund Balances	266,830	(119,340)	(177,383)	402,525	(52,820)	319,812
CASH BASIS FUND BALANCES - BEGINNING AS RESTATED	<u>1,460,676</u>	<u>468,029</u>	<u>3,567,171</u>	<u>1,767,713</u>	<u>933,158</u>	<u>8,196,747</u>
CASH BASIS FUND BALANCES - ENDING	<u>\$1,727,506</u>	<u>\$ 348,689</u>	<u>\$ 3,389,788</u>	<u>\$2,170,238</u>	<u>\$ 880,338</u>	<u>\$ 8,516,559</u>

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

DIXON COUNTY
STATEMENT OF CASH BASIS NET POSITION
FIDUCIARY FUNDS
 June 30, 2020

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 475,495
 LIABILITIES	
Due to other governments	
State	189,340
Schools	213,073
Educational Service Units	2,732
Technical College	16,597
Natural Resource Districts	4,246
Fire Districts	5,785
Municipalities	26,783
Agricultural Society	513
Townships	10,825
Others	5,601
TOTAL LIABILITIES	475,495
 TOTAL NET ASSETS	 \$ -

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

DIXON COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

1. **Summary of Significant Accounting Policies**

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

A. Reporting Entity

Dixon 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 \$30,146 toward the operation of the Region during fiscal year 2020. 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 Northeast Nebraska 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).

DIXON 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 2020. 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) (2020 Neb. Laws, LB 781, § 8). Financial information for the Department is available in that report.

B. Basis of Presentation

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

DIXON 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 & Bridge 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.

County Health Insurance Fund. This fund is used to account for the costs of insurance premiums and claims and is primarily funded by County and employee payroll deductions.

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.

DIXON 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 \$745,447 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.

DIXON 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 \$5,509,662 for County funds and \$475,495 for Fiduciary funds. The bank balances for all funds totaled \$5,938,573. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2020, 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 \$3,006,288 deposited in Nebraska Federal Investment Trust (NFIT) and of \$609 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. NFIT is a public entity investment pool. 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 NFIT 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.

DIXON 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 2019, for the 2019 taxes, which will be materially collected in May and September 2020, was set at \$.297369/\$100 of assessed valuation. The levy set in October 2018, for the 2018 taxes, which were materially collected in May and September 2019, was set at \$.300251/\$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, Supp. 2019) 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, 2020, 64 employees contributed \$100,243, and the County contributed \$148,462. Contributions included \$3,689 in cash contributions towards the supplemental law enforcement plan for eight law enforcement employees. Lastly, the County paid \$1,495 directly to 13 retired employees for prior service benefits.

DIXON 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 98 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, 2020, consisted of the following:

Transfers to	Transfers from				Total
	General Fund	Road & Bridge Fund	County Health Insurance Fund	Nonmajor Funds	
General Fund	\$ -	\$ -	\$ 23,715	\$ 22,709	\$ 46,424
Road & Bridge Fund	599,715	-	-	-	599,715
County Health Insurance Fund	1,691,393	154	-	29,283	1,720,830
Nonmajor Funds	197,049	-	5,929	21,126	224,104
Total	\$ 2,488,157	\$ 154	\$ 29,644	\$ 73,118	\$ 2,591,073

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

In the year ended June 30, 2020, the County made one-time transfers of \$23,715 from the County Health Insurance Fund to the General Fund, and \$5,929 from the County Health Insurance Fund to the Emergency Services Fund to reimburse excess amounts paid from the funds for the costs of insurance premiums and claims.

DIXON COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

6. Interfund Transfers (Concluded)

The County also made one-time transfers of \$22,709 from the E911 Wireless Service Fund to the General Fund to pay the costs of dispatcher wages, \$29,283 from the E911 Wireless Service Fund to the County Health Insurance Fund to pay the cost of health insurance for the emergency management employees, \$11,729 from the E911 Wireless Service Fund to the Emergency Services Fund to pay the costs of a wireless radio, and a transfer of \$9,397 from the E911 Wireless Service Fund to the E911 Wireless Service Holding Fund, which is a transfer mandated by the Public Service Commission to set aside funds for future projects.

7. Long-Term Debt

The County issued bonds on July 14, 2017, in the amount of \$910,000 for the purpose of paying the costs of the improvements of certain bridges, drainage structures, streets, highways, and roads within the County. The bond payable balance, as of June 30, 2020, was \$670,000. 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 will be used to pay off the bonds.

Future Payments:

Year	Principal	Interest	Total
2021	\$ 90,000	\$ 13,385	\$ 103,385
2022	90,000	12,080	102,080
2023	90,000	10,415	100,415
2024	100,000	8,750	108,750
2025	100,000	6,900	106,900
2026-2027	200,000	6,900	206,900
Total Payments	<u>\$ 670,000</u>	<u>\$ 58,430</u>	<u>\$ 728,430</u>

8. Noxious Weed Board

The County has a separately elected Noxious Weed Board (Weed Board). The Weed Board has the authority to set rates and approve bids for the activity of the County's Noxious Weed Department.

9. Prior Period Adjustment

A bank account related to the County Health Insurance Fund was excluded from the prior audit report financial statements. An adjustment was made to the beginning fund balance in the amount of \$300,000.

DIXON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 4,488,339	\$ 4,488,339	\$ 4,149,781	\$ (338,558)
Licenses and Permits	3,150	3,150	22,938	19,788
Interest	25,000	25,000	98,900	73,900
Intergovernmental	349,328	349,328	752,160	402,832
Charges for Services	293,390	293,390	280,616	(12,774)
Miscellaneous	22,400	22,400	10,371	(12,029)
TOTAL RECEIPTS	<u>5,181,607</u>	<u>5,181,607</u>	<u>5,314,766</u>	<u>133,159</u>
DISBURSEMENTS				
General Government:				
County Board	130,500	130,500	124,361	6,139
County Clerk	162,289	162,289	159,843	2,446
County Treasurer	148,015	148,015	136,227	11,788
County Assessor	125,700	125,700	125,700	-
Election Commissioner	63,000	63,000	23,674	39,326
Clerk of the District Court	92,899	92,899	91,795	1,104
County Court System	10,618	10,618	5,273	5,345
District Judge	7,210	7,210	3,065	4,145
Public Defender	119,640	119,640	88,934	30,706
Building and Grounds	217,612	217,612	158,486	59,126
Reappraisal	50,117	50,117	50,117	-
Agricultural Extension Agent	85,361	85,361	82,707	2,654
Miscellaneous	462,477	462,477	295,851	166,626
Public Safety				
County Sheriff	528,521	528,521	528,521	-
County Attorney	124,370	124,370	101,962	22,408
County Jail	294,042	294,042	252,423	41,619
Emergency Management	105,261	105,261	86,492	18,769
Law Enforcement - Wakefield	214,692	214,692	209,719	4,973
Co. Atty Child Support	31,350	31,350	30,877	473
Law Enforcement - Grants	75,000	75,000	23,546	51,454
Public Works				
County Surveyor	13,000	13,000	2,690	10,310
Public Assistance				
Veterans' Service Officer	20,900	20,900	19,140	1,760
County Relief & Assistance	11,600	11,600	4,800	6,800
TOTAL DISBURSEMENTS	<u>3,094,174</u>	<u>3,094,174</u>	<u>2,606,203</u>	<u>487,971</u>

(Continued)

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

For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	2,087,433	2,087,433	2,708,563	621,130
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	46,424	46,424
Transfers out	(2,396,109)	(2,396,109)	(2,488,157)	(92,048)
TOTAL OTHER FINANCING SOURCES (USES)	(2,396,109)	(2,396,109)	(2,441,733)	(45,624)
Net Change in Fund Balance	(308,676)	(308,676)	266,830	575,506
FUND BALANCE - BEGINNING	1,460,676	1,460,676	1,460,676	-
FUND BALANCE - ENDING	<u>\$ 1,152,000</u>	<u>\$ 1,152,000</u>	<u>\$ 1,727,506</u>	<u>\$ 575,506</u>

(Concluded)

DIXON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD & BRIDGE FUND				
RECEIPTS				
Intergovernmental	\$ 1,206,637	\$ 1,206,637	\$1,315,963	\$ 109,326
Miscellaneous	171,000	171,000	185,337	14,337
TOTAL RECEIPTS	<u>1,377,637</u>	<u>1,377,637</u>	<u>1,501,300</u>	<u>123,663</u>
DISBURSEMENTS	<u>2,445,381</u>	<u>2,445,381</u>	<u>2,220,201</u>	<u>225,180</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(1,067,744)</u>	<u>(1,067,744)</u>	<u>(718,901)</u>	<u>348,843</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	599,715	599,715	599,715	-
Transfers out	-	-	(154)	(154)
TOTAL OTHER FINANCING SOURCES (USES)	<u>599,715</u>	<u>599,715</u>	<u>599,561</u>	<u>(154)</u>
Net Change in Fund Balance	(468,029)	(468,029)	(119,340)	348,689
FUND BALANCE - BEGINNING	468,029	468,029	468,029	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 348,689</u>	<u>\$ 348,689</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 300,000	\$ 300,000	\$ 632,339	\$ 332,339
Interest	-	-	8	8
Intergovernmental	-	-	2,996	2,996
TOTAL RECEIPTS	<u>300,000</u>	<u>300,000</u>	<u>635,343</u>	<u>335,343</u>
DISBURSEMENTS	<u>3,867,171</u>	<u>3,867,171</u>	<u>812,726</u>	<u>3,054,445</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(3,567,171)</u>	<u>(3,567,171)</u>	<u>(177,383)</u>	<u>3,389,788</u>
Net Change in Fund Balance	(3,567,171)	(3,567,171)	(177,383)	3,389,788
FUND BALANCE - BEGINNING	3,567,171	3,567,171	3,567,171	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,389,788</u>	<u>\$ 3,389,788</u>

(Continued)

DIXON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>COUNTY HEALTH INSURANCE FUND</u>				
RECEIPTS				
Miscellaneous	\$ 158,237	\$ 158,237	\$ 11,109	\$ (147,128)
TOTAL RECEIPTS	158,237	158,237	11,109	(147,128)
DISBURSEMENTS	3,099,860	3,099,860	1,299,770	1,800,090
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(2,941,623)	(2,941,623)	(1,288,661)	1,652,962
OTHER FINANCING SOURCES (USES)				
Transfers in	1,573,910	1,573,910	1,720,830	146,920
Transfers out	-	-	(29,644)	(29,644)
TOTAL OTHER FINANCING SOURCES (USES)	1,573,910	1,573,910	1,691,186	117,276
Net Change in Fund Balance	(1,367,713)	(1,367,713)	402,525	1,770,238
FUND BALANCE - BEGINNING	1,767,713	1,767,713	1,767,713	-
FUND BALANCE - ENDING	\$ 400,000	\$ 400,000	\$2,170,238	\$ 1,770,238

(Concluded)

DIXON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
HIGHWAY BRIDGE BUYBACK PROGRAM				
FUND				
Receipts	\$ 173,206	\$ 173,206	\$ 173,205	\$ (1)
Disbursements	(668,048)	(668,048)	(296,830)	371,218
Net Change in Fund Balance	(494,842)	(494,842)	(123,625)	371,217
Fund Balance - Beginning	494,842	494,842	494,842	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 371,217</u>	<u>\$ 371,217</u>
JUVENILE DIVERSION GRANT FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(6,336)	(6,336)	-	6,336
Net Change in Fund Balance	(6,336)	(6,336)	-	6,336
Fund Balance - Beginning	6,336	6,336	6,336	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,336</u>	<u>\$ 6,336</u>
CHILD SUPPORT INCENTIVE FUND				
Receipts	\$ -	\$ -	\$ 5,345	\$ 5,345
Disbursements	(9,168)	(9,168)	(8,898)	270
Net Change in Fund Balance	(9,168)	(9,168)	(3,553)	5,615
Fund Balance - Beginning	9,168	9,168	9,168	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,615</u>	<u>\$ 5,615</u>
VETERANS AID FUND				
Receipts	\$ -	\$ -	\$ 48	\$ 48
Disbursements	(8,547)	(8,547)	-	8,547
Net Change in Fund Balance	(8,547)	(8,547)	48	8,595
Fund Balance - Beginning	8,547	8,547	8,547	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,595</u>	<u>\$ 8,595</u>
DRUG LAW ENFORCEMENT FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(1,500)	(1,500)	-	1,500
Net Change in Fund Balance	(1,500)	(1,500)	-	1,500
Fund Balance - Beginning	1,500	1,500	1,500	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ 1,500</u>

(Continued)

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

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
SHERIFF FEDERAL GRANT FUND				
Receipts	\$ 174,000	\$ 174,000	\$ 23,581	\$ (150,419)
Disbursements	(175,419)	(175,419)	(25,000)	150,419
Net Change in Fund Balance	(1,419)	(1,419)	(1,419)	-
Fund Balance - Beginning	1,419	1,419	1,419	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -
ATTORNEY FEDERAL GRANT FUND				
Receipts	\$ -	\$ -	\$ 420	\$ 420
Disbursements	(3,228)	(3,228)	-	3,228
Net Change in Fund Balance	(3,228)	(3,228)	420	3,648
Fund Balance - Beginning	3,228	3,228	3,228	-
Fund Balance - Ending	\$ -	\$ -	\$ 3,648	\$ 3,648
REAPPRAISAL FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(7,453)	(7,453)	-	7,453
Transfers in	-	-	4,565	4,565
Net Change in Fund Balance	(7,453)	(7,453)	4,565	12,018
Fund Balance - Beginning	7,453	7,453	7,453	-
Fund Balance - Ending	\$ -	\$ -	\$ 12,018	\$ 12,018
PRESERVATION AND MODERNIZATION FUND				
Receipts	\$ 4,002	\$ 4,002	\$ 4,066	\$ 64
Disbursements	(9,137)	(9,137)	(4,361)	4,776
Net Change in Fund Balance	(5,135)	(5,135)	(295)	4,840
Fund Balance - Beginning	5,135	5,135	5,135	-
Fund Balance - Ending	\$ -	\$ -	\$ 4,840	\$ 4,840
VISITOR PROMOTION FUND				
Receipts	\$ 26,616	\$ 26,616	\$ 23,081	\$ (3,535)
Disbursements	(46,012)	(46,012)	(14,788)	31,224
Net Change in Fund Balance	(19,396)	(19,396)	8,293	27,689
Fund Balance - Beginning	19,396	19,396	19,396	-
Fund Balance - Ending	\$ -	\$ -	\$ 27,689	\$ 27,689

DIXON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VISITOR IMPROVEMENT FUND				
Receipts	\$ 10,481	\$ 10,481	\$ 23,189	\$ 12,708
Disbursements	(72,864)	(72,864)	(35,500)	37,364
Net Change in Fund Balance	(62,383)	(62,383)	(12,311)	50,072
Fund Balance - Beginning	62,383	62,383	62,383	-
Fund Balance - Ending	\$ -	\$ -	\$ 50,072	\$ 50,072
NOXIOUS WEED FUND				
Receipts	\$ 30,000	\$ 30,000	\$ 56,410	\$ 26,410
Disbursements	(225,729)	(225,729)	(144,173)	81,556
Transfers in	111,481	111,481	111,481	-
Transfers out	-	-	(24)	(24)
Net Change in Fund Balance	(84,248)	(84,248)	23,694	107,942
Fund Balance - Beginning	84,248	84,248	84,248	-
Fund Balance - Ending	\$ -	\$ -	\$ 107,942	\$ 107,942
EMERGENCY SERVICES FUND				
Receipts	\$ 67,071	\$ 67,071	\$ 112,032	\$ 44,961
Disbursements	(198,341)	(198,341)	(121,173)	77,168
Transfers in	92,759	92,759	98,661	5,902
Transfers out	-	-	(29,259)	(29,259)
Net Change in Fund Balance	(38,511)	(38,511)	60,261	98,772
Fund Balance - Beginning	38,511	38,511	38,511	-
Fund Balance - Ending	\$ -	\$ -	\$ 98,772	\$ 98,772
E911 WIRELESS SERVICE FUND				
Receipts	\$ 43,835	\$ 43,835	\$ 43,835	\$ -
Transfers out	(43,835)	(43,835)	(43,835)	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

(Continued)

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

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>E911 WIRELESS SERVICE HOLDING FUND</u>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(205,662)	(205,662)	(18,295)	187,367
Transfers in	14,670	14,670	9,397	(5,273)
Net Change in Fund Balance	(190,992)	(190,992)	(8,898)	182,094
Fund Balance - Beginning	190,992	190,992	190,992	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 182,094</u>	<u>\$ 182,094</u>

(Concluded)

DIXON COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	Highway Bridge Buyback Program Fund	Juvenile Diversion Grant Fund	Child Support Incentive Fund	Veterans Aid Fund	Drug Law Enforcement Fund	Sheriff Federal Grant Fund
RECEIPTS						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Income	-	-	-	48	-	-
Intergovernmental	173,205	-	5,345	-	-	-
Charges for Services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	23,581
TOTAL RECEIPTS	<u>173,205</u>	<u>-</u>	<u>5,345</u>	<u>48</u>	<u>-</u>	<u>23,581</u>
DISBURSEMENTS						
General Government	-	-	-	-	-	-
Public Safety	-	-	8,898	-	-	25,000
Public Works	196,813	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
Debt Service:						
Principal Payments	85,000	-	-	-	-	-
Interest and Fiscal Charges	15,017	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>296,830</u>	<u>-</u>	<u>8,898</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(123,625)</u>	<u>-</u>	<u>(3,553)</u>	<u>48</u>	<u>-</u>	<u>(1,419)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(123,625)	-	(3,553)	48	-	(1,419)
FUND BALANCES - BEGINNING	<u>494,842</u>	<u>6,336</u>	<u>9,168</u>	<u>8,547</u>	<u>1,500</u>	<u>1,419</u>
FUND BALANCES - ENDING	<u>\$ 371,217</u>	<u>\$ 6,336</u>	<u>\$ 5,615</u>	<u>\$ 8,595</u>	<u>\$ 1,500</u>	<u>\$ -</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	-
911 Emergency Services	-	-	-	-	-	-
Drug Education	-	-	-	-	1,500	-
Law Enforcement	-	-	-	-	-	-
Preservation of Records	-	-	-	-	-	-
Road Maintenance	371,217	-	-	-	-	-
Child Support Enforcement	-	-	5,615	-	-	-
Committed to:						
Law Enforcement	-	6,336	-	-	-	-
Aid and Assistance	-	-	-	8,595	-	-
Property Reappraisal	-	-	-	-	-	-
Weed Control	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 371,217</u>	<u>\$ 6,336</u>	<u>\$ 5,615</u>	<u>\$ 8,595</u>	<u>\$ 1,500</u>	<u>\$ -</u>

(Continued)

DIXON COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	Attorney Federal Grant Fund	Reappraisal Fund	Preservation and Modernization Fund	Visitor Promotion Fund	Visitor Improvement Fund
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ -	\$ 23,081	\$ 23,189
Investment Income	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for Services	-	-	4,066	-	-
Miscellaneous	420	-	-	-	-
TOTAL RECEIPTS	<u>420</u>	<u>-</u>	<u>4,066</u>	<u>23,081</u>	<u>23,189</u>
DISBURSEMENTS					
General Government	-	-	4,361	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	14,788	35,500
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>4,361</u>	<u>14,788</u>	<u>35,500</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>420</u>	<u>-</u>	<u>(295)</u>	<u>8,293</u>	<u>(12,311)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	4,565	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>4,565</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	420	4,565	(295)	8,293	(12,311)
FUND BALANCES - BEGINNING	<u>3,228</u>	<u>7,453</u>	<u>5,135</u>	<u>19,396</u>	<u>62,383</u>
FUND BALANCES - ENDING	<u>\$ 3,648</u>	<u>\$ 12,018</u>	<u>\$ 4,840</u>	<u>\$ 27,689</u>	<u>\$ 50,072</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	27,689	50,072
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	-
Law Enforcement	3,648	-	-	-	-
Preservation of Records	-	-	4,840	-	-
Road Maintenance	-	-	-	-	-
Child Support Enforcement	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Aid and Assistance	-	-	-	-	-
Property Reappraisal	-	12,018	-	-	-
Weed Control	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 3,648</u>	<u>\$ 12,018</u>	<u>\$ 4,840</u>	<u>\$ 27,689</u>	<u>\$ 50,072</u>

(Continued)

DIXON COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	Noxious Weed Fund	Emergency Services Fund	E911 Wireless Service Fund	E911 Wireless Service Holding Fund	Total Nonmajor Governmental Funds
RECEIPTS					
Property Taxes	\$ -	\$ 11,101	\$ -	\$ -	\$ 57,371
Investment Income	-	-	-	-	48
Intergovernmental	-	86,027	43,835	-	308,412
Charges for Services	56,410	14,904	-	-	75,380
Miscellaneous	-	-	-	-	24,001
TOTAL RECEIPTS	<u>56,410</u>	<u>112,032</u>	<u>43,835</u>	<u>-</u>	<u>465,212</u>
DISBURSEMENTS					
General Government	-	-	-	-	4,361
Public Safety	-	121,173	-	18,295	173,366
Public Works	144,173	-	-	-	340,986
Culture and Recreation	-	-	-	-	50,288
Debt Service:					
Principal Payments	-	-	-	-	85,000
Interest and Fiscal Charges	-	-	-	-	15,017
TOTAL DISBURSEMENTS	<u>144,173</u>	<u>121,173</u>	<u>-</u>	<u>18,295</u>	<u>669,018</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(87,763)</u>	<u>(9,141)</u>	<u>43,835</u>	<u>(18,295)</u>	<u>(203,806)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	111,481	98,661	-	9,397	224,104
Transfers out	(24)	(29,259)	(43,835)	-	(73,118)
TOTAL OTHER FINANCING SOURCES (USES)	<u>111,457</u>	<u>69,402</u>	<u>(43,835)</u>	<u>9,397</u>	<u>150,986</u>
Net Change in Fund Balances	23,694	60,261	-	(8,898)	(52,820)
FUND BALANCES - BEGINNING	<u>84,248</u>	<u>38,511</u>	<u>-</u>	<u>190,992</u>	<u>933,158</u>
FUND BALANCES - ENDING	<u>\$ 107,942</u>	<u>\$ 98,772</u>	<u>\$ -</u>	<u>\$ 182,094</u>	<u>\$ 880,338</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	77,761
911 Emergency Services	-	98,772	-	182,094	280,866
Drug Education	-	-	-	-	1,500
Law Enforcement	-	-	-	-	3,648
Preservation of Records	-	-	-	-	4,840
Road Maintenance	-	-	-	-	371,217
Child Support Enforcement	-	-	-	-	5,615
Committed to:					
Law Enforcement	-	-	-	-	6,336
Aid and Assistance	-	-	-	-	8,595
Property Reappraisal	-	-	-	-	12,018
Weed Control	107,942	-	-	-	107,942
TOTAL FUND BALANCES	<u>\$ 107,942</u>	<u>\$ 98,772</u>	<u>\$ -</u>	<u>\$ 182,094</u>	<u>\$ 880,338</u>

(Concluded)

DIXON COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2020

	County Clerk	Clerk of the District Court	County Sheriff	Weed Superintendent	Veterans' Service Officer	County Health Insurance Account	Total
BALANCES JULY 1, 2019	\$ 3,925	\$ 30,702	\$ 33,333	\$ 1,831	\$ 2,005	\$ 300,000	\$ 371,796
RECEIPTS							
Property Taxes	-	-	-	-	-	-	-
Licenses and Permits	425	-	665	-	-	-	1,090
Intergovernmental	-	-	2,575	-	-	-	2,575
Charges for Services	49,833	5,835	19,170	54,579	-	-	129,417
Miscellaneous	789	437	31,288	-	-	963,302	995,816
State Fees	57,899	7,657	-	-	-	-	65,556
Other Liabilities	-	31,853	6,986	-	-	-	38,839
TOTAL RECEIPTS	108,946	45,782	60,684	54,579	-	963,302	1,233,293
DISBURSEMENTS							
Payments to County Treasurer	46,578	5,680	25,265	56,410	-	-	133,933
Payments to State Treasurer	55,529	6,877	-	-	-	-	62,406
Other Liabilities	789	45,859	31,546	-	350	963,302	1,041,846
TOTAL DISBURSEMENTS	102,896	58,416	56,811	56,410	350	963,302	1,238,185
BALANCES JUNE 30, 2020	<u>\$ 9,975</u>	<u>\$ 18,068</u>	<u>\$ 37,206</u>	<u>\$ -</u>	<u>\$ 1,655</u>	<u>\$ 300,000</u>	<u>\$ 366,904</u>
BALANCES CONSIST OF:							
Due to County Treasurer	\$ 6,093	\$ 397	\$ 34,105	\$ -	\$ 155	\$ -	\$ 40,750
Petty Cash	-	8,100	200	-	1,500	300,000	309,800
Due to State Treasurer	3,882	1,196	-	-	-	-	5,078
Due to Others	-	8,375	2,901	-	-	-	11,276
BALANCES JUNE 30, 2020	<u>\$ 9,975</u>	<u>\$ 18,068</u>	<u>\$ 37,206</u>	<u>\$ -</u>	<u>\$ 1,655</u>	<u>\$ 300,000</u>	<u>\$ 366,904</u>

DIXON COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2020

Item	2015	2016	2017	2018	2019
Tax Certified by Assessor					
Real Estate	\$ 17,484,991	\$ 17,526,563	\$ 17,587,358	\$ 17,810,056	\$ 17,684,352
Personal and Specials	990,628	1,142,941	1,108,876	1,089,696	1,073,138
Total	18,475,619	18,669,504	18,696,234	18,899,752	18,757,490
Corrections					
Additions	2,317	256	6,829	-	117
Deductions	(385)	(10,979)	(9,902)	(2,332)	(6,987)
Net Additions/ (Deductions)	1,932	(10,723)	(3,073)	(2,332)	(6,870)
Corrected Certified Tax	18,477,551	18,658,781	18,693,161	18,897,420	18,750,620
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2016	11,994,186	-	-	-	-
June 30, 2017	6,475,018	12,062,449	-	-	-
June 30, 2018	4,487	6,591,073	12,345,714	-	-
June 30, 2019	2,400	2,038	6,339,910	12,362,557	-
June 30, 2020	953	1,799	3,619	6,522,267	12,345,037
Total Net Collections	18,477,044	18,657,359	18,689,243	18,884,824	12,345,037
Total Uncollected Tax	\$ 507	\$ 1,422	\$ 3,918	\$ 12,596	\$ 6,405,583
Percentage Uncollected Tax	0.00%	0.01%	0.02%	0.07%	34.16%

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



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
auditors.nebraska.gov

DIXON 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 Supervisors
Dixon 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 Dixon County, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Dixon County's basic financial statements, and have issued our report thereon dated December 17, 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 Dixon 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 Dixon County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We consider the following deficiency in the County's internal control to be a significant deficiency:

- 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 Dixon 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

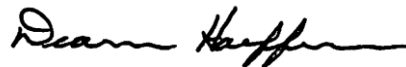
We noted certain matters that we reported to the management of Dixon County in a separate letter dated December 17, 2020.

Dixon County's Response to Findings

Dixon 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

December 17, 2020



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
auditors.nebraska.gov

December 17, 2020

Board of Supervisors
Dixon County, Nebraska

Dear Supervisors:

We have audited the basic financial statements of Dixon County (County) for the fiscal year ended June 30, 2020, and have issued our report thereon dated December 17, 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 ASSESSOR

Leave Balance Issues

We noted that the County Assessor was unable to provide documentation to support two employees' accrued leave balances.

Per the Employee Handbook, effective August 11, 2015, full-time County employees are granted 6 days (48 hours) of sick leave each year, which is credited on January 1st, and 60 days (480 hours) may be carried over from year to year. Also, the Employee Handbook states that County employees earn up to a maximum of 15 days (120 hours) of vacation leave each year and may carry over a total of 20 days from year to year. Not counting carryover hours, therefore, an employee can earn a total of 168 leave hours annually.

We noted that one County Assessor employee used 262 hours of vacation and sick leave during calendar year 2019. Based on the Employee Handbook, the employee earned 168 hours of leave during calendar year 2019, including 48 hours of sick leave and 120 hours of vacation leave in addition to an unknown carryover balance. Another County Assessor employee used 112 hours of vacation leave and sick leave during calendar year 2019. Based on the Employee Handbook, the employee earned 160 hours of leave during the calendar year, including 48 hours of sick leave and 112 hours of vacation leave. However, we were unable to determine if these employees had adequate amounts of vacation and sick leave to use, as the County Assessor did not maintain documentation of the employees' accrued leave balances.

Good internal control and sound business practices require procedures to ensure that employee leave is accrued and used in accordance with County policy, and management keeps adequate documentation of those leave amounts.

Without such procedures, there is an increased risk of employee leave amounts being calculated and authorized incorrectly, resulting in a loss of public funds.

We recommend the County Assessor implement procedures to ensure employee leave is accrued and used properly, and management keeps adequate documentation of those leave amounts.

COUNTY TREASURER

Real Estate Tax Credit Distribution

During testing, we noted that the distribution of Real Property Tax Credit was calculated incorrectly. The County Treasurer received and distributed \$823,331 in January 2020 and \$823,331 in March 2020.

The County Treasurer made errors when manually calculating these distributions using an Excel spreadsheet, resulting in incorrect distributions to the subdivisions. The spreadsheet included a formula for the total taxes levied, which was used to calculate the distributions to the subdivisions; however, the amount calculated was reduced by the unused Real Property Tax Credit, totaling \$5,210, twice. Consequently, the various political subdivisions of the County did not receive the correct amount of funding, as detailed in the following table:

Type	Subdivision	Over/(Under) Payments
School	Allen 70	\$ (423)
School	Hartington-Newcastle 8	\$ (228)
County	Dixon	\$ (281)
School	Laurel-Concord-Coleridge 54	\$ (175)
School	Wayne 17	\$ (99)
Community College	Northeast	\$ (90)
City or Village	Allen	\$ 115
Nat. Resource Dist.	Lewis & Clark	\$ (27)
Fire Dist.	Allen-Waterbury	\$ (17)
Township	Silver Creek	\$ (23)
Township	Logan	\$ (20)
Township	Ponca	\$ (19)
Township	Daily	\$ (17)
Fire Dist.	Newcastle	\$ (15)
Ed. Serv. Unit	ESU 1	\$ (14)
City or Village	Waterbury	\$ 10
Fire Dist.	Wakefield	\$ (10)
Fire Dist.	Ponca	\$ (9)
Fire Dist.	Martinsburg	\$ (7)
Fire Dist.	Emerson	\$ (7)
City or Village	Maskell	\$ 41
School	Wynot 101	\$ (6)
Township	Ottercreek	\$ (13)
City or Village	Dixon	\$ 78
Township	Hooker	\$ (19)
Township	Galena	\$ (9)
Township	Concord	\$ (16)
City or Village	Martinsburg	\$ 38
City or Village	Concord	\$ 81

Type	Subdivision	Over/(Under) Payments
School	Wakefield 60R	\$ 81
School	Emerson-Hubbard 561	\$ 98
City or Village	Newcastle	\$ 167
School	Ponca 1	\$ 178
Township	Newcastle	\$ (10)
Township	Springbank	\$ (13)
City or Village	Emerson	\$ 201
City or Village	Ponca	\$ 222
City or Village	Wakefield	\$ 269
Other Subdivisions*		\$ (12)

*Includes subdivisions where the variance was less than \$5.

A good internal control plan requires procedures to ensure that Real Property Tax Credit distributions are calculated correctly.

Without such procedures, there is an increased risk of erroneous distribution calculations not only depriving political subdivisions of the appropriate funding but also resulting in the loss or misuse of public funds.

We recommend the County Treasurer correct the errors noted with the Real Property Tax Credit distributions, as detailed in the table above. Additionally, we recommend the County Treasurer implement procedures to ensure future such distributions are calculated correctly.

Personal Property Tax Credit Distribution

During testing, we noted the Personal Property Tax Credit was distributed incorrectly to the County's subdivisions during the fiscal year. The credit, totaling \$30,980, was received on March 2, 2020, from the State.

The County Treasurer manually calculated the Personal Property Tax Credit distributions using an Excel spreadsheet. However, the spreadsheet formulas contained errors, resulting in incorrect distributions to the subdivisions. The spreadsheet calculated the amount due to each fund based on the percentage of total Personal Property Tax Credit levied for each tax district. However, the total Personal Property Tax Credit amount listed in the spreadsheet mistakenly included both the total Personal Property Tax Credit and the Beginning Farmer Personal Property Exemption for each tax district.

Per Neb. Rev. Stat. § 77-5209.02(1) (Reissue 2018), the Beginning Farmer Personal Property Exemption is an exemption available to a "qualified beginning farmer or livestock producer seeking an exemption of taxable agricultural and horticultural machinery and equipment from tangible personal property tax." However, no statute directs the State of Nebraska to make reimbursement for the property tax loss incurred from the exemption, so this amount should not have been included in the calculation used to distribute the Personal Property Tax Credit.

The following table summarizes the unexplained variances noted:

Type	Subdivision	Over/(Under) Payments
School	Laurel-Concord-Coleridge 54	\$ (290)
School	Emerson-Hubbard 561	\$ 23
County	Dixon	\$ (31)
Community College	Northeast	\$ (10)
Fire Dist.	Dixon	\$ (8)

Type	Subdivision	Over/(Under) Payments
Nat. Resource Dist.	Lewis & Clark	\$ (6)
City or Village	Wakefield	\$ 9
City or Village	Ponca	\$ 10
School	Wayne 17	\$ 12
School	Hartington-Newcastle 8	\$ 43
School	Wakefield 60R	\$ 73
School	Ponca 1	\$ 92
School	Allen 70	\$ 37
Other Subdivisions*		\$ 46

*Includes subdivisions where the variance was less than \$5.

Neb. Rev. Stat. § 77-1239(1) (Supp. 2019) states the following:

Reimbursement to taxing subdivisions for tax revenue that will be lost because of the personal property tax exemptions allowed in subsection (1) of section 77-1238 shall be as provided in this subsection. The county assessor and county treasurer shall, on or before November 30 of each year, certify to the Tax Commissioner, on forms prescribed by the Tax Commissioner, the total tax revenue that will be lost to all taxing subdivisions within his or her county from taxes levied and assessed in that year because of the personal property tax exemptions allowed in subsection (1) of section 77-1238. The county assessor and county treasurer may amend the certification to show any change or correction in the total tax revenue that will be lost until May 30 of the next succeeding year. The Tax Commissioner shall, on or before January 1 next following the certification, notify the Director of Administrative Services of the amount so certified to be reimbursed by the state. Reimbursement of the tax revenue lost shall be made to each county according to the certification and shall be distributed in two approximately equal installments on the last business day of February and the last business day of June. The State Treasurer shall, on the business day preceding the last business day of February and the last business day of June, notify the Director of Administrative Services of the amount of funds available in the General Fund to pay the reimbursement. The Director of Administrative Services shall, on the last business day of February and the last business day of June, draw warrants against funds appropriated. Out of the amount received, the county treasurer shall distribute to each of the taxing subdivisions within his or her county the full tax revenue lost by each subdivision, except that one percent of such amount shall be deposited in the county general fund.

Additionally, a good internal control plan requires procedures to ensure that Personal Property Tax Credit distributions are calculated correctly.

Without such procedures, there is an increased risk of erroneous distribution calculations not only depriving political subdivisions of the appropriate funding but also resulting in the loss or misuse of public funds.

We recommend the County Treasurer correct the errors noted with the Personal Property Tax Credit distributions, as detailed in the table above. Additionally, we recommend the County Treasurer implement procedures to ensure future such distributions are calculated correctly.

Motor Vehicle Pro-Rate Distributions

We noted that the County Treasurer's fiscal year 2020 distributions of Motor Vehicle Pro-Rate were incorrect. The County Treasurer incorrectly calculated and distributed Motor Vehicle Pro-Rate based on the preliminary valuations from the County Clerk, instead of using the total taxes levied from the Certificate of Taxes Levied. Consequently, the various political subdivisions of the County did not receive the correct amount of funding, as detailed in the following table:

Type	Subdivision	Over/(Under) Payments
County	Dixon	\$ 64
School	Allen 70	\$ 45
School	Ponca 1	\$ 41
School	Wakefield 60R	\$ 40
Community College	Northeast	\$ 20
School	Laurel-Concord-Coleridge 54	\$ 20
School	Hartington-Newcastle 8	\$ 19
School	Emerson-Hubbard 561	\$ 14
School	Wayne 17	\$ 6
Township	Springbank	\$ 5
City or Village	Ponca	\$ (6)
City or Village	Waterbury	\$ (10)
City or Village	Wakefield	\$ (284)
Other Subdivisions*		\$ 26

**Includes subdivisions where the variance was less than \$5*

Neb. Rev. Stat. § 60-3,202(3) (Supp. 2019) 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 control requires procedures to ensure that Motor Vehicle Pro-Rate distributions are calculated in accordance with State statute.

Without such procedures, there is an increased risk of erroneous distribution calculations not only depriving political subdivisions of the appropriate funding but also resulting in the loss or misuse of public funds.

We recommend the County Treasurer correct the errors noted with the Motor Vehicle Pro-Rate distributions, as detailed in the table above. Additionally, we recommend the County Treasurer implement procedures to ensure future such distributions are calculated correctly.

Tentative Inheritance Taxes

During testing, we noted that \$3,599 remained in the Tentative Inheritance Tax Fund and was not transferred properly to the Inheritance Tax Fund after the case was finalized in November 15, 2019.

Neb. Rev. Stat. § 77-2008.01 (Reissue 2018) directs inheritance taxes, along with any interest accrued thereon, to be “credited by the county treasurer or county treasurers to the general inheritance tax fund of the county or counties.”

Neb. Rev. Stat. § 77-2018.07 (Reissue 2018) provides for the payment of a “tentative inheritance tax,” as follows:

(1) Any person subject to the tax imposed by sections 77-2001 to 77-2037 may, prior to the final determination of the inheritance tax, make a tentative payment of the tax in order to avoid the accrual of interest or penalty on such tax. Any person who desires to pay such tentative inheritance tax shall make a written application to the county court for an order allowing the payment of a sum specified in such application, prior to the final determination of the inheritance tax due.

* * * *

(3) The county treasurer shall receive all taxes paid pursuant to this section but shall not be required to invest any tentative tax payment made for the benefit of the estate nor shall the county treasurer be required to pay interest on any refund claim for the period he or she holds the tentative tax payment.

Good internal control and sound business practices require procedures to ensure that the County's trust balances, including the Tentative Inheritance Tax Fund, are reviewed on an ongoing, timely basis to determine what action, if any, should be taken to collect, remit, or otherwise resolve those balances.

Without such procedures, there is an increased risk that trust balances may either not have proper follow-up action taken timely or have been resolved previously and should no longer be reflected as a balance in the County's accounting system.

We recommend the County Treasurer implement an ongoing, timely review of the County's trust balances, including the Tentative Inheritance Tax Fund, to ensure the timely resolution of the amounts listed therein.

COUNTY SHERIFF

Unauthorized Bank Account

We noted that the County Sheriff maintained a bank account for the K-9 unit. Within that account, receipts of \$6,667 were not remitted to the County Treasurer, and \$4,836 was paid out of the account without County Board authorization. As of June 30, 2020, the balance in the account was \$4,321.

Neb. Rev. Stat. § 23-1601(1) (2020 Neb. Laws, L.B. 781, § 6) states the following:

It is the duty of the county treasurer to receive all money belonging to the county, from whatsoever source derived and by any method of payment provided by section 77-1702, 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; except when special provision for payment of county money is otherwise made by law.

Good internal control and sound business practices require procedures to ensure that public funds held by a County officer, including receipts in the K-9 account, are remitted timely to the County Treasurer, and no expenditure of such money occurs without the proper approval of the County Board.

Without such procedures, there is an increased risk for not only violation of State statute but also loss, theft, or misuse of County funds.

We recommend the K-9 account receipts be remitted timely to the County Treasurer, and all expenditures of those funds be made through the claim and warrant process.

Fee Remittances

As of June 30, 2020, we noted the following in relation to fees collected:

- The County Sheriff maintained a bank account in which \$460 in breath test and lab fees were collected during the fiscal year. Expenses incurred for Intoximeters, supplies, blood draws, and lab tests totaled \$744 during the fiscal year. There was a \$3,800 balance in the account as of June 30, 2020, as amounts collected had not been remitted to the County Treasurer.
- Fingerprint fees, totaling \$250, were collected during the fiscal year, and the funds were not remitted to the County Treasurer. Additionally, no receipts or logs were maintained of monies received.

- Funds received for commissary commissions were not remitted to the County Treasurer; instead, they were used for the following purchases:

Purchase Description	Amount
Utility Vehicle Terrain Expenses	\$ 1,105
Boat and Related Expenses	\$ 2,023
Reimbursements to Employee	\$ 320
Miscellaneous	\$ 115
Total	\$ 3,563

Neb. Rev. Stat. § 23-1601(1) (2020 Neb. Laws, L.B. 781, § 6) provides the following:

It is the duty of the county treasurer to receive all money belonging to the county, from whatsoever source derived and by any method of payment provided by section 77-1702, 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, except when special provision for payment of county money is otherwise made by 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.

Neb. Rev. Stat. § 33-117(3) (Reissue 2016) requires the following:

The sheriff shall, on the first Tuesday in January, April, July, and October of each year, make a report to the county board showing (a) the different items of fees, except mileage, collected or earned, from who, at what time, and for what service, (b) the total amount of the fees collected or earned by the officer since the last report, and (c) the amount collected or earned for the current year. He or she shall pay all fees earned to the county treasurer who shall credit the fees to the general fund of the county.

Good internal control and sound accounting practices require procedures to ensure that money received by the County, including fees earned by the County Sheriff, are remitted to the County Treasurer, and all purchases of personal property and services are made through the claim and warrant process.

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 Sheriff implement procedures to ensure all fees collected or earned are remitted to the County Treasurer in accordance with State statute, and all purchases and expenditures are made through the claims process for inclusion in the annual budget.

COUNTY CLERK OF THE DISTRICT COURT

Overdue Balances

In testing five case balances noted in the Overdue Case Account Report as being overdue to the District Court, we noted that four of those balances, totaling \$10,472, lacked any subsequent action taken to ensure their collection and/or resolution.

The last activity on these cases ranged from 2004 to 2017.

As of November 13, 2020, the Overdue Case Account Report contained 39 overdue criminal case balances, totaling \$69,907. Only two of those cases were noted to have had a current warrant issued.

Good internal control and sound business practices require procedures to ensure that overdue amounts of the District Court are reviewed, through an examination of the Overdue Case Account Report, on an ongoing, timely basis to determine what action should be taken to collect, remit, or otherwise resolve those balances.

Without such procedures, there is an increased risk that overdue case balances may either not have proper follow-up action taken timely or have been resolved previously and should no longer be reflected as a balance in the accounting system.

We recommend the District Court implement an ongoing, timely review of the Overdue Case Account Report to ensure the prompt collection or resolution of the balances listed therein.

COUNTY OVERALL

Petty Cash Funds

We noted the following concerns with the County's petty cash procedures:

- The County Clerk had \$9,000 of petty cash listed in the fiscal year 2021 budget message; however, during testing, we noted that the County Clerk does not have a petty cash fund. The amount listed in the budget message was the amount of fees that were collected and on hand at June 30, 2020.
- During testing of the Clerk of the District Court's petty cash expenditures, we noted that claims for reimbursement were not made within 90 days, as required by State statute. There were 31 petty cash expenses during fiscal year 2020, totaling \$351, that were reimbursed 9 to 240 days late.
- The Clerk of the District Court maintains an \$8,100 approved petty cash fund; however, that fund is not included in the accounting records of the office, and it seems excessive given that only \$438 of the available amount was utilized during the fiscal year.
- The County Sheriff was using \$200 in one of his bank accounts as an unauthorized petty cash fund without County Board approval. We noted that \$531 in notary expenses and \$25 in title and tire fees were paid from the account during the fiscal year.

Neb. Rev. Stat. § 23-106(2) (Reissue 2012) provides 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, in relevant part, the following:

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 . . .

Additionally, good internal control and sound business practices require procedures to ensure that 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 budget message. Those same procedures should ensure also that petty cash claims are submitted for reimbursement in a timely manner and are reflected accurately 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 implement procedures to ensure the following: 1) petty cash funds held by a County office are authorized by the County Board and reflected properly in the fiscal policy of the County Board’s budget message; 2) petty cash fund amounts are analyzed to ensure that they are appropriate for the purpose needed; 3) petty cash claims are submitted for reimbursement in a timely manner; and 4) and petty cash funds are reflected accurately in the financial records of the office in which they are held.

Lack of Fee Approval

During our audit, we noted that there was no documented County Board approval for the fees charged by the following offices:

Office	Fee Type	Fee Amount
County Sheriff	Prisoner Boarding	\$50 or \$25 per day
County Sheriff	Fingerprints	\$5 per card
County Sheriff	Accident Reports	\$5
County Clerk	Copies	\$0.25/copy
County Clerk	Plat Maps	At Cost

Additionally, the County Board has not approved the mark-up on commissary items sold by the County Sheriff’s office, and the Weed Superintendent did not have documentation on hand of the Noxious Weed Board’s approval of the fees charged for spraying chemicals and seed.

Neb. Rev. Stat. § 23-106(1) (Reissue 2012) assigns to the County Board responsibility for managing County funds and business.

Additionally, good internal control and sound accounting practices require procedures to ensure that fees charged by County offices are set by the County Board, if required, and documented in the relevant meeting minutes.

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

We recommend the County Board approve all fees charged by County offices, documenting such approval in the relevant meeting minutes.

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.

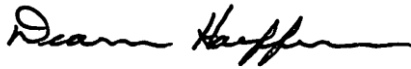
* * * * *

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,

A handwritten signature in cursive script, appearing to read "Deann Haeffner".

Deann Haeffner, CPA
Assistant Deputy Auditor