

**AUDIT REPORT
OF
DAWES 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 May 18, 2021

DAWES 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
Budgetary Comparison Schedule - Budget and Actual - Nonmajor Funds	20 - 22
Combining Statement of Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Nonmajor Governmental Funds	23 - 25
Schedule of Office Activities	26
Schedule of Taxes Certified and Collected for All Political Subdivisions in the County	27
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>	28 - 29

DAWES COUNTY
451 Main St.
Chadron, NE 69337

LIST OF COUNTY OFFICIALS
At June 30, 2020

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



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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

DAWES COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Dawes County, Nebraska

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dawes County, as of and for the year ended June 30, 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 Dawes 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 17-27, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2021, on our consideration of Dawes County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dawes County's internal control over financial reporting and compliance.



Mark Avery, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

May 17, 2021

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

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 2,973,259
Investments (Note 1.D)	103,846
TOTAL ASSETS	\$ 3,077,105
 NET POSITION	
Restricted for:	
Visitor Promotion	\$ 155,701
911 Emergency Services	158,129
Drug Education	9,488
Law Enforcement	10,857
Preservation of Records	10,275
Debt Service	28,200
Road Maintenance	233,348
Unrestricted	2,471,107
TOTAL NET POSITION	\$ 3,077,105

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

DAWES COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended June 30, 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	\$ (2,833,366)	\$ 227,802	\$ 234,008	\$ (2,371,556)
Public Safety	(1,362,160)	25,461	36,998	(1,299,701)
Public Works	(3,276,005)	898	1,174,874	(2,100,233)
Health and Sanitation	(18,003)	-	-	(18,003)
Public Assistance	(121,872)	-	-	(121,872)
Culture and Recreation	(164,910)	-	25,023	(139,887)
Debt Payments	(41,683)	-	-	(41,683)
Total Governmental Activities	\$ (7,817,999)	\$ 254,161	\$ 1,470,903	(6,092,935)

General Receipts:

Property Taxes	3,979,434
Grants and Contributions Not Restricted to Specific Programs	663,691
Investment Income	49,123
Licenses and Permits	35,500
Bond Proceeds	1,127,280
Miscellaneous	51,848
Total General Receipts	5,906,876
 Increase in Net Position	 (186,059)
Net Position - Beginning of year	3,263,164
Net Position - End of year	\$ 3,077,105

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

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

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents (Note 1.D)	\$ 809,957	\$ 378,864	\$ 1,152,098	\$ 632,340	\$ 2,973,259
Investments (Note 1.D)	-	-	103,846	-	103,846
TOTAL ASSETS	\$ 809,957	\$ 378,864	\$ 1,255,944	\$ 632,340	\$ 3,077,105
 FUND BALANCES					
Restricted for:					
Visitor Promotion	-	-	-	155,701	155,701
911 Emergency Services	-	-	-	158,129	158,129
Drug Education	-	-	-	9,488	9,488
Law Enforcement	-	-	-	10,857	10,857
Preservation of Records	-	-	-	10,275	10,275
Debt Service	-	-	-	28,200	28,200
Road Maintenance	-	-	-	233,348	233,348
Committed to:					
Road Maintenance	-	378,864	-	-	378,864
Aid and Assistance	-	-	-	18,154	18,154
Appraisal of Property	-	-	-	8,188	8,188
Assigned to:					
Other Purposes	-	-	1,255,944	-	1,255,944
Unassigned	809,957	-	-	-	809,957
TOTAL CASH BASIS FUND BALANCES	\$ 809,957	\$ 378,864	\$ 1,255,944	\$ 632,340	\$ 3,077,105

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

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

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Property Taxes	\$ 3,492,076	\$ -	\$ 195,148	\$ 292,210	\$ 3,979,434
Licenses and Permits	35,500	-	-	-	35,500
Investment Income	49,123	-	-	-	49,123
Intergovernmental	891,847	1,066,146	-	176,601	2,134,594
Charges for Services	248,313	898	-	4,950	254,161
Miscellaneous	51,848	1,127,280	-	-	1,179,128
TOTAL RECEIPTS	<u>4,768,707</u>	<u>2,194,324</u>	<u>195,148</u>	<u>473,761</u>	<u>7,631,940</u>
DISBURSEMENTS					
General Government	2,612,120	-	102,746	118,500	2,833,366
Public Safety	1,264,254	-	-	97,906	1,362,160
Public Works	158,516	3,117,489	-	-	3,276,005
Health and Sanitation	18,003	-	-	-	18,003
Public Assistance	121,422	-	-	450	121,872
Culture and Recreation	-	-	-	164,910	164,910
Debt Service:					
Principal Payments	-	-	30,000	-	30,000
Interest and Fiscal Charges	-	-	11,683	-	11,683
TOTAL DISBURSEMENTS	<u>4,174,315</u>	<u>3,117,489</u>	<u>144,429</u>	<u>381,766</u>	<u>7,817,999</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>594,392</u>	<u>(923,165)</u>	<u>50,719</u>	<u>91,995</u>	<u>(186,059)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	106,059	857,252	-	129,608	1,092,919
Transfers out	(423,613)	-	(560,000)	(109,306)	(1,092,919)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(317,554)</u>	<u>857,252</u>	<u>(560,000)</u>	<u>20,302</u>	<u>-</u>
Net Change in Fund Balances	276,838	(65,913)	(509,281)	112,297	(186,059)
CASH BASIS FUND BALANCES - BEGINNING	<u>533,119</u>	<u>444,777</u>	<u>1,765,225</u>	<u>520,043</u>	<u>3,263,164</u>
CASH BASIS FUND BALANCES - ENDING	<u>\$ 809,957</u>	<u>\$ 378,864</u>	<u>\$ 1,255,944</u>	<u>\$ 632,340</u>	<u>\$ 3,077,105</u>

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

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

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 731,314
 LIABILITIES	
Due to other governments	
State	237,174
Schools	330,508
Educational Service Units	3,668
Technical College	24,903
Natural Resource Districts	3,924
Fire Districts	5,182
Municipalities	57,062
Agricultural Society	1,765
Solid Waste Agency of NW Nebraska	691
Others	66,437
TOTAL LIABILITIES	731,314
 TOTAL NET ASSETS	 \$ -

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

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

1. **Summary of Significant Accounting Policies**

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

A. Reporting Entity

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

As required by Generally Accepted Accounting Principles (GAAP), these financial statements present the County (the primary government). No component units were identified.

Joint Organization.

Behavioral Health Region I – The County has entered into an agreement with surrounding counties and the Nebraska Department of Health and Human Services to provide services to carry out the provisions of the Nebraska Behavioral Health Services Act (Act). Agreements were established under the authority of the Interlocal Cooperation Act for services to be provided under the Act. Region I (Region) consists of the following counties: Sioux, Dawes, Box Butte, Sheridan, Scotts Bluff, Morrill, Garden, Banner, Kimball, Cheyenne, and Deuel.

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$36,240 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 Panhandle Public Health Department (Department) to provide public health services. The agreement was established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636 (Reissue 2018).

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

The Department's governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. The County did not contribute toward the operation of the Department during fiscal year 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) (Cum. Supp. 2020). Financial information for the Department is available in that report.

Interlocal Agreement.

Dawes County has entered into an interlocal agreement with the City of Crawford, Nebraska to provide police services in addition to the general jurisdiction and law enforcement services otherwise provided. The City of Crawford paid the County a sum of \$203,974 during the fiscal year ending June 30, 2020. The agreement was entered into in 2011 and has been renewed annually since then.

B. Basis of Presentation

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

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

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

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

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

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

The County reports the following major governmental funds:

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

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

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

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

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

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

Debt Service Fund. The Courthouse Project Fund and the Dunlap Road Project Fund account for the resources for, and the payment of, general long-term debt principal, interest, and related costs.

The County designates fund balances as follows:

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

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

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

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

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The accounting records of the County are maintained and the government-wide financial statements were reported on the basis of cash receipts and disbursements. As such, the measurement focus includes only those assets and fund balances arising from cash transactions on the Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis. Receipts are recognized when received, and disbursements are recognized when warrants are paid. This differs from governmental GAAP, which requires the government-wide and fiduciary fund financial statements to be reported using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus and basis of accounting, receipts are recorded when earned, and disbursements are recorded when a liability is incurred, regardless of the timing of related cash flows.

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

D. Assets and Net Position

Cash and Cash Equivalents. The County's cash and cash equivalents are considered to be cash on hand and demand deposits.

Investments. The types of investments in which the County is authorized to invest funds are enumerated in Neb. Rev. Stat. § 77-2315, § 77-2340, and § 77-2341 (Reissue 2018) and generally include U.S. Government obligations, certificates of deposit, and time deposits and securities, which are authorized by the Nebraska Investment Council.

Capital Assets. Under the cash receipts and disbursements basis of accounting, capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as disbursements in governmental funds. GAAP requires capital assets, which would include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), to be reported in the applicable governmental activities columns in the government-wide financial statements.

Depreciation expenses on capital assets were not recorded on the cash basis financial statements. Under GAAP, depreciation expenses would be recorded in the Statement of Activities. The cost of normal maintenance and repairs that does not add to the value of the asset or extend asset life is not capitalized.

Compensated Absences. Vested or accumulated vacation leave that is liquidated with expendable available financial resources is reported as a disbursement of the County funds as paid. Upon termination, employees are paid for any unused vacation. Under the receipts and disbursements basis of accounting, the liabilities for compensated absences are not reported since they do not represent liabilities arising from cash transactions. Under GAAP, the compensated absences liability would be reported in the government-wide financial statements and would be recorded in accordance with the County's policy, which is to recognize the expense and accrued liability when vacation and compensatory leave is earned.

Restricted Net Position. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$605,998 of restricted net position, which is fully restricted by enabling legislation.

Budgetary Process. The County adopts an annual budget in accordance with the statutory requirements of the Nebraska Budget Act. The budget is prepared on the cash receipts and disbursements basis of accounting. The budget contains only those receipts actually received by the County Treasurer. The County does not utilize an encumbrance accounting system. All appropriated spending authority lapses at the end of the fiscal year.

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

2. **Deposits and Investments**

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

At year end, the County's carrying amount of deposits was \$2,973,259 for County funds and \$731,314 for Fiduciary funds. The bank balances for all funds totaled \$3,692,952. 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 \$103,846 deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a nine-member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income that has accrued to each participant is converted as of the close of business of each calendar month into additional units, which thereafter are held in each participant's trust account. Since net income of the fund is allocated among participants each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name.

3. **Property Taxes**

Property taxes are levied by the County Board on or before October 15 of each year for all political subdivisions in the County. Real estate and personal property taxes are due and attach as an enforceable lien on January 1 following the levy date, and they become delinquent in two equal installments on May 1 and September 1. Motor vehicle taxes are due when application is made for registration of a motor vehicle.

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 \$.391230/\$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 \$.366047/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Property Taxes** (Concluded)

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. 2020) 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, 81 employees contributed \$111,429, and the County contributed \$165,790. Contributions included \$2,698 in cash contributions towards the supplemental law enforcement plan for eight law enforcement employees. Lastly, the County paid \$756 directly to nine retired employees for prior service benefits.

5. **Risk Management**

The County is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association (NIRMA), a public entity risk pool currently operating as a common risk management and insurance program for 98 counties and local governments throughout Nebraska.

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. Risk Management (Concluded)

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 from			
	General Fund	Inheritance Fund	Nonmajor Funds	
Road Fund	\$ 347,252	\$ 510,000	\$ -	\$ 857,252
General Fund	-	50,000	56,059	106,059
Nonmajor Funds	76,361	-	53,247	129,608
Total	\$ 423,613	\$ 560,000	\$ 109,306	\$ 1,092,919

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

In the year ended June 30, 2020, the County made a one-time transfer of \$33,880 from the Emergency 911 Service Fund to the General Fund to correct receipting errors that occurred in previous fiscal years. Additionally, \$53,240 was transferred from the 911 Wireless Service Fund to the Emergency 911 Service Fund to reimburse eligible costs originally paid from the Emergency 911 Service Fund. Finally, \$22,179 was transferred from the Courthouse Project Fund to the General Fund to close the fund and transfer the remaining fund balance.

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

7. **Contingent Liabilities**

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

8. **Long-Term Debt**

The County issued bonds on August 15, 2019, in the amount of \$1,140,000 for the purpose of paying the costs of constructing certain road improvements within the County, and to pay costs associated with the issuance of the bonds. The bond payable balance as of June 30, 2020, was \$1,110,000. 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	\$ 70,000	\$ 27,515	\$ 97,515
2022	70,000	26,290	96,290
2023	70,000	25,065	95,065
2024	70,000	23,630	93,630
2025	75,000	22,195	97,195
2026-2030	395,000	85,048	480,048
2031-2034	360,000	27,450	387,450
Total Payments	<u>\$ 1,110,000</u>	<u>\$ 237,193</u>	<u>\$ 1,347,193</u>

DAWES 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	\$ 3,886,687	\$ 3,886,687	\$3,492,076	\$ (394,611)
Licenses and Permits	25,570	25,570	35,500	9,930
Interest	5,800	5,800	49,123	43,323
Intergovernmental	569,356	569,356	891,847	322,491
Charges for Services	217,700	217,700	248,313	30,613
Miscellaneous	16,000	16,000	51,848	35,848
TOTAL RECEIPTS	<u>4,721,113</u>	<u>4,721,113</u>	<u>4,768,707</u>	<u>47,594</u>
DISBURSEMENTS				
General Government:				
County Board	85,313	85,313	79,471	5,842
County Clerk	192,003	192,003	177,394	14,609
County Treasurer	196,156	196,156	172,518	23,638
County Assessor	192,449	192,449	185,730	6,719
Election Commissioner	21,500	21,500	13,631	7,869
Building and Zoning	15,810	15,810	14,907	903
Clerk of the District Court	94,301	94,854	94,854	-
County Court System	90,900	90,900	78,419	12,481
District Judge	40,800	40,800	37,359	3,441
Public Defender	97,786	97,786	91,004	6,782
Building and Grounds	98,460	98,460	88,347	10,113
Agricultural Extension Agent	92,320	92,320	74,617	17,703
Miscellaneous	1,690,313	1,504,869	1,503,869	1,000
Public Safety				
County Sheriff	300,430	300,430	293,396	7,034
County Attorney	178,442	178,442	169,110	9,332
Communication Center	33,480	33,480	20,969	12,511
County Jail	375,800	572,461	572,461	-
Crawford Law Enforcement	160,779	166,597	166,597	-
County Attorney - Child Support	45,896	45,896	41,721	4,175
Public Works				
County Surveyor	16,200	16,200	13,679	2,521
Noxious Weed Control	193,280	171,689	144,837	26,852
Public Health				
Alcohol and Drug Abuse	14,000	18,003	18,003	-
Public Assistance				
Relief	14,200	14,200	12,975	1,225
Veterans' Service Officer	97,320	97,320	80,016	17,304
Institutions	30,500	30,500	28,431	2,069
TOTAL DISBURSEMENTS	<u>4,368,438</u>	<u>4,368,438</u>	<u>4,174,315</u>	<u>194,123</u>

DAWES 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)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	352,675	352,675	594,392	241,717
OTHER FINANCING SOURCES (USES)				
Transfers in	107,942	107,942	106,059	(1,883)
Transfers out	(423,613)	(423,613)	(423,613)	-
TOTAL OTHER FINANCING SOURCES (USES)	(315,671)	(315,671)	(317,554)	(1,883)
Net Change in Fund Balance	37,004	37,004	276,838	239,834
FUND BALANCE - BEGINNING	462,996	462,996	533,119	70,123
FUND BALANCE - ENDING	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 809,957</u>	<u>\$ 309,957</u>

(Concluded)

DAWES 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 FUND				
RECEIPTS				
Intergovernmental	\$ 1,184,867	\$ 1,184,867	\$ 1,066,146	\$ (118,721)
Charges for Services	-	-	898	898
Miscellaneous	1,127,280	1,127,280	1,127,280	-
TOTAL RECEIPTS	<u>2,312,147</u>	<u>2,312,147</u>	<u>2,194,324</u>	<u>(117,823)</u>
DISBURSEMENTS	<u>3,404,176</u>	<u>3,404,176</u>	<u>3,117,489</u>	<u>286,687</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(1,092,029)</u>	<u>(1,092,029)</u>	<u>(923,165)</u>	<u>168,864</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	947,252	947,252	857,252	(90,000)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>947,252</u>	<u>947,252</u>	<u>857,252</u>	<u>(90,000)</u>
Net Change in Fund Balance	(144,777)	(144,777)	(65,913)	78,864
FUND BALANCE - BEGINNING	444,777	444,777	444,777	-
FUND BALANCE - ENDING	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 378,864</u>	<u>\$ 78,864</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 75,000	\$ 75,000	\$ 195,148	\$ 120,148
TOTAL RECEIPTS	<u>75,000</u>	<u>75,000</u>	<u>195,148</u>	<u>120,148</u>
DISBURSEMENTS	<u>1,190,225</u>	<u>1,190,225</u>	<u>144,429</u>	<u>1,045,796</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(1,115,225)</u>	<u>(1,115,225)</u>	<u>50,719</u>	<u>1,165,944</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(650,000)	(650,000)	(560,000)	90,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(650,000)</u>	<u>(650,000)</u>	<u>(560,000)</u>	<u>90,000</u>
Net Change in Fund Balance	(1,765,225)	(1,765,225)	(509,281)	1,255,944
FUND BALANCE - BEGINNING	1,765,225	1,765,225	1,765,225	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,255,944</u>	<u>\$ 1,255,944</u>

DAWES 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 FUND				
Receipts	\$ 107,125	\$ 107,125	\$ 107,124	\$ (1)
Disbursements	(233,349)	(233,349)	-	233,349
Transfers in	-	-	-	-
Transfers out	(7)	(7)	(7)	-
Net Change in Fund Balance	(126,231)	(126,231)	107,117	233,348
Fund Balance - Beginning	126,231	126,231	126,231	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 233,348</u>	<u>\$ 233,348</u>
ROAD CONSTRUCTION FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	-	-	-	-
Transfers in	7	7	7	-
Transfers out	-	-	-	-
Net Change in Fund Balance	7	7	7	-
Fund Balance - Beginning	(7)	(7)	(7)	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
VISITOR PROMOTION FUND				
Receipts	\$ 92,000	\$ 92,000	\$ 96,595	\$ 4,595
Disbursements	(115,097)	(115,097)	(88,325)	26,772
Net Change in Fund Balance	(23,097)	(23,097)	8,270	31,367
Fund Balance - Beginning	23,097	23,097	23,097	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,367</u>	<u>\$ 31,367</u>
VISITOR IMPROVEMENT FUND				
Receipts	\$ 92,000	\$ 92,000	\$ 118,862	\$ 26,862
Disbursements	(174,057)	(174,057)	(76,585)	97,472
Net Change in Fund Balance	(82,057)	(82,057)	42,277	124,334
Fund Balance - Beginning	82,057	82,057	82,057	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,334</u>	<u>\$ 124,334</u>
REAPPRAISAL FUND				
Receipts	\$ 5	\$ 5	\$ -	\$ (5)
Disbursements	(126,693)	(126,693)	(118,500)	8,193
Transfers in	76,361	76,361	76,361	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(50,327)	(50,327)	(42,139)	8,188
Fund Balance - Beginning	50,327	50,327	50,327	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,188</u>	<u>\$ 8,188</u>

DAWES 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)
PRESERVATION & MODERNIZATION FUND				
Receipts	\$ 6,000	\$ 6,000	\$ 4,950	\$ (1,050)
Disbursements	(11,325)	(11,325)	-	11,325
Net Change in Fund Balance	(5,325)	(5,325)	4,950	10,275
Fund Balance - Beginning	5,325	5,325	5,325	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,275</u>	<u>\$ 10,275</u>
VETERANS' AID FUND				
Receipts	\$ -	\$ -	\$ 16	\$ 16
Disbursements	(18,588)	(18,588)	(450)	18,138
Net Change in Fund Balance	(18,588)	(18,588)	(434)	18,154
Fund Balance - Beginning	18,588	18,588	18,588	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,154</u>	<u>\$ 18,154</u>
DRUG LAW ENFORCEMENT AND EDUCATION FUND				
Receipts	\$ -	\$ -	\$ 7,606	\$ 7,606
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(1,882)	(1,882)	-	1,882
Net Change in Fund Balance	(1,882)	(1,882)	7,606	9,488
Fund Balance - Beginning	1,882	1,882	1,882	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,488</u>	<u>\$ 9,488</u>
GRANT FUND				
Receipts	\$ 32,939	\$ 32,939	\$ 29,392	\$ (3,547)
Disbursements	(45,636)	(45,636)	(31,232)	14,404
Net Change in Fund Balance	(12,697)	(12,697)	(1,840)	10,857
Fund Balance - Beginning	12,697	12,697	12,697	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,857</u>	<u>\$ 10,857</u>
EMERGENCY 911 SERVICE FUND				
Receipts	\$ 40,000	\$ 40,000	\$ 27,244	\$ (12,756)
Disbursements	(87,474)	(87,474)	(48,025)	39,449
Transfers in	53,245	53,245	53,240	(5)
Transfers out	(33,880)	(33,880)	(33,880)	-
Net Change in Fund Balance	(28,109)	(28,109)	(1,421)	26,688
Fund Balance - Beginning	28,109	28,109	28,109	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,688</u>	<u>\$ 26,688</u>

DAWES 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)
911 WIRELESS SERVICE FUND				
Receipts	\$ 53,772	\$ 53,772	\$ 53,772	\$ -
Disbursements	(150,085)	(150,085)	(18,649)	131,436
Transfers in	-	-	-	-
Transfers out	(53,245)	(53,245)	(53,240)	5
Net Change in Fund Balance	(149,558)	(149,558)	(18,117)	131,441
Fund Balance - Beginning	149,558	149,558	149,558	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,441</u>	<u>\$ 131,441</u>
COURTHOUSE PROJECT FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(22,180)	(22,180)	(22,179)	1
Net Change in Fund Balance	(22,180)	(22,180)	(22,179)	1
Fund Balance - Beginning	22,180	22,180	22,179	(1)
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DUNLAP ROAD PROJECT FUND				
Receipts	\$ 43,723	\$ 43,723	\$ 28,200	\$ (15,523)
Disbursements	(43,723)	(43,723)	-	43,723
Net Change in Fund Balance	-	-	28,200	28,200
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,200</u>	<u>\$ 28,200</u>

(Concluded)

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

	Highway Bridge Buyback Fund	Road Construction Fund	Visitor Promotion Fund	Visitor Improvement Fund
RECEIPTS				
Property Taxes	\$ -	\$ -	\$ 93,862	\$ 93,862
Intergovernmental	107,124	-	2,733	25,000
Charges for Services	-	-	-	-
TOTAL RECEIPTS	<u>107,124</u>	<u>-</u>	<u>96,595</u>	<u>118,862</u>
DISBURSEMENTS				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Assistance	-	-	-	-
Culture and Recreation	-	-	88,325	76,585
TOTAL DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>88,325</u>	<u>76,585</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>107,124</u>	<u>-</u>	<u>8,270</u>	<u>42,277</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	7	-	-
Transfers out	(7)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(7)</u>	<u>7</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	107,117	7	8,270	42,277
FUND BALANCES - BEGINNING	<u>126,231</u>	<u>(7)</u>	<u>23,097</u>	<u>82,057</u>
FUND BALANCES - ENDING	<u>\$ 233,348</u>	<u>\$ -</u>	<u>\$ 31,367</u>	<u>\$ 124,334</u>
FUND BALANCES:				
Restricted for:				
Visitor Promotion	-	-	31,367	124,334
911 Emergency Services	-	-	-	-
Drug Education	-	-	-	-
Law Enforcement	-	-	-	-
Preservation of Records	-	-	-	-
Debt Service	-	-	-	-
Road Maintenance	233,348	-	-	-
Committed to:				
Aid and Assistance	-	-	-	-
Appraisal of Property	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 233,348</u>	<u>\$ -</u>	<u>\$ 31,367</u>	<u>\$ 124,334</u>

(Continued)

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

	Reappraisal Fund	Preservation & Modernization Fund	Veterans' Aid Fund	Drug Law Enforcement and Education Fund	Grant Fund
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	16	7,606	29,392
Charges for Services	-	4,950	-	-	-
TOTAL RECEIPTS	-	4,950	16	7,606	29,392
DISBURSEMENTS					
General Government	118,500	-	-	-	-
Public Safety	-	-	-	-	31,232
Public Assistance	-	-	450	-	-
Culture and Recreation	-	-	-	-	-
TOTAL DISBURSEMENTS	118,500	-	450	-	31,232
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(118,500)	4,950	(434)	7,606	(1,840)
OTHER FINANCING SOURCES (USES)					
Transfers in	76,361	-	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	76,361	-	-	-	-
Net Change in Fund Balances	(42,139)	4,950	(434)	7,606	(1,840)
FUND BALANCES - BEGINNING	50,327	5,325	18,588	1,882	12,697
FUND BALANCES - ENDING	\$ 8,188	\$ 10,275	\$ 18,154	\$ 9,488	\$ 10,857
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	9,488	-
Law Enforcement	-	-	-	-	10,857
Preservation of Records	-	10,275	-	-	-
Debt Service	-	-	-	-	-
Road Maintenance	-	-	-	-	-
Committed to:					
Aid and Assistance	-	-	18,154	-	-
Appraisal of Property	8,188	-	-	-	-
TOTAL FUND BALANCES	\$ 8,188	\$ 10,275	\$ 18,154	\$ 9,488	\$ 10,857

(Continued)

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

	Emergency 911 Service Fund	911 Wireless Service Fund	Courthouse Project Fund	Dunlap Road Project Fund	Total Nonmajor Governmental Funds
RECEIPTS					
Property Taxes	\$ 27,244	\$ 53,772	\$ -	\$ 23,470	\$ 292,210
Intergovernmental	-	-	-	4,730	176,601
Charges for Services	-	-	-	-	4,950
TOTAL RECEIPTS	<u>27,244</u>	<u>53,772</u>	<u>-</u>	<u>28,200</u>	<u>473,761</u>
DISBURSEMENTS					
General Government	-	-	-	-	118,500
Public Safety	48,025	18,649	-	-	97,906
Public Assistance	-	-	-	-	450
Culture and Recreation	-	-	-	-	164,910
TOTAL DISBURSEMENTS	<u>48,025</u>	<u>18,649</u>	<u>-</u>	<u>-</u>	<u>381,766</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(20,781)</u>	<u>35,123</u>	<u>-</u>	<u>28,200</u>	<u>91,995</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	53,240	-	-	-	129,608
Transfers out	(33,880)	(53,240)	(22,179)	-	(109,306)
TOTAL OTHER FINANCING SOURCES (USES)	<u>19,360</u>	<u>(53,240)</u>	<u>(22,179)</u>	<u>-</u>	<u>20,302</u>
Net Change in Fund Balances	(1,421)	(18,117)	(22,179)	28,200	112,297
FUND BALANCES - BEGINNING	<u>28,109</u>	<u>149,558</u>	<u>22,179</u>	<u>-</u>	<u>520,043</u>
FUND BALANCES - ENDING	<u>\$ 26,688</u>	<u>\$ 131,441</u>	<u>\$ -</u>	<u>\$ 28,200</u>	<u>\$ 632,340</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	155,701
911 Emergency Services	26,688	131,441	-	-	158,129
Drug Education	-	-	-	-	9,488
Law Enforcement	-	-	-	-	10,857
Preservation of Records	-	-	-	-	10,275
Debt Service	-	-	-	28,200	28,200
Road Maintenance	-	-	-	-	233,348
Committed to:					
Aid and Assistance	-	-	-	-	18,154
Appraisal of Property	-	-	-	-	8,188
TOTAL FUND BALANCES	<u>\$ 26,688</u>	<u>\$ 131,441</u>	<u>\$ -</u>	<u>\$ 28,200</u>	<u>\$ 632,340</u>

(Concluded)

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

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Veterans' Service Officer	Employee Cafeteria Plan	Total
BALANCES JULY 1, 2019	\$ 14,774	\$ 122,756	\$ 7,321	\$ 69	\$ 4,998	\$ 17,790	\$ 167,708
RECEIPTS							
Licenses and Permits	2,115	-	715	-	-	-	2,830
Intergovernmental	-	-	-	-	450	-	450
Charges for Services	52,652	13,123	21,826	-	-	-	87,601
Miscellaneous	100	-	-	-	-	-	100
State Fees	60,499	7,665	-	-	-	-	68,164
Other Liabilities	-	536,045	22,047	2,414	-	19,392	579,898
TOTAL RECEIPTS	115,366	556,833	44,588	2,414	450	19,392	739,043
DISBURSEMENTS							
Payments to County Treasurer	54,874	12,707	26,081	-	-	-	93,662
Payments to State Treasurer	62,697	8,067	-	-	-	-	70,764
Other Liabilities	-	629,920	23,063	2,483	300	18,978	674,744
TOTAL DISBURSEMENTS	117,571	650,694	49,144	2,483	300	18,978	839,170
BALANCES JUNE 30, 2020	<u>\$ 12,569</u>	<u>\$ 28,895</u>	<u>\$ 2,765</u>	<u>\$ -</u>	<u>\$ 5,148</u>	<u>\$ 18,204</u>	<u>\$ 67,581</u>
BALANCES CONSIST OF:							
Due to County Treasurer	\$ 5,745	\$ 2,297	\$ 2,471	\$ -	\$ 5,148	\$ 18,204	\$ 33,865
Petty Cash	100	-	-	-	-	-	100
Due to State Treasurer	6,724	1,112	-	-	-	-	7,836
Due to Others	-	25,486	294	-	-	-	25,780
BALANCES JUNE 30, 2020	<u>\$ 12,569</u>	<u>\$ 28,895</u>	<u>\$ 2,765</u>	<u>\$ -</u>	<u>\$ 5,148</u>	<u>\$ 18,204</u>	<u>\$ 67,581</u>

DAWES 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	\$ 11,024,934	\$ 11,822,123	\$ 12,184,683	\$ 12,403,371	\$ 12,837,410
Personal and Specials	1,583,420	1,575,512	1,504,143	1,675,281	1,752,025
Total	12,608,354	13,397,635	13,688,826	14,078,652	14,589,435
Corrections					
Additions	2,791	9,150	5,293	4,589	4,078
Deductions	(11,847)	(6,238)	(55,112)	(35,070)	(20,176)
Net Additions/ (Deductions)	(9,056)	2,912	(49,819)	(30,481)	(16,098)
Corrected Certified Tax	12,599,298	13,400,547	13,639,007	14,048,171	14,573,337
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2016	7,420,938	-	-	-	-
June 30, 2017	5,162,549	7,841,735	-	-	-
June 30, 2018	7,462	5,533,629	8,186,302	-	-
June 30, 2019	2,750	16,900	5,445,503	8,220,538	-
June 30, 2020	1,173	3,977	4,554	5,815,034	8,548,977
Total Net Collections	12,594,872	13,396,241	13,636,359	14,035,572	8,548,977
Total Uncollected Tax	\$ 4,426	\$ 4,306	\$ 2,648	\$ 12,599	\$ 6,024,360
Percentage Uncollected Tax	0.04%	0.03%	0.02%	0.09%	41.34%

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

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

Board of Commissioners
Dawes County, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dawes County, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Dawes County's basic financial statements, and have issued our report thereon dated May 17, 2021. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.

Internal Control Over Financial Reporting

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

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

Additional Items

We also noted certain matters that we reported to the management of Dawes County in a separate letter dated May 17, 2021.

Dawes County's Response to Findings

Dawes County declined to respond to the finding described above.

Purpose of this Report

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



Mark Avery, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

May 17, 2021



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

May 17, 2021

Board of Commissioners
Dawes County, Nebraska

Dear Commissioners:

We have audited the basic financial statements of Dawes County (County) for the fiscal year ended June 30, 2020, and have issued our report thereon dated May 17, 2021. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

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

COUNTY TREASURER

Background

Sam Wellnitz was elected Dawes County Treasurer at the November 6, 2018, General Election and took office in January 2019. During the prior audit for the fiscal year ended June 30, 2019, the Auditor of Public Accounts (APA) noted that the Treasurer's office had not reconciled the office's main checking account or the bank account used to deposit credit card payments since July 2017. Consequently, the APA assisted the County Treasurer's office with the reconciliations through March 2020 with the understanding that the County Treasurer would continue the reconciliations going forward. Despite the significant amount of time spent assisting the Treasurer's office with the bank reconciliations during the prior audit, it was noted during the current audit that the Treasurer's office had still not reconciled the accounts as of March 2021. **Therefore, the Treasurer's office has not performed its own bank account reconciliations for almost four years, including the entire time that the current County Treasurer has been in office.**

Additionally, as explained in the following comments, several issues identified during the prior audit continued to exist, with limited, if any, corrective action taken by the County Treasurer.

The County Treasurer is in control of millions of dollars on a daily basis, making it imperative for his office to have appropriate policies, procedures, and internal controls in place to ensure that taxpayer's money is protected and accounted for properly. During the fiscal year ended June 30, 2020, the County Treasurer recorded receipts of \$23,128,798.

When complete bank reconciliations are not performed monthly, and corrective action on prior audit findings is not taken appropriately, the risk of errors and/or irregularities occurring and remaining undetected is increased significantly.

We strongly recommend the County Treasurer take seriously the issues identified in this report and implement **immediate** corrective action to ensure these issues do not continue to exist.

Bank Reconciliation Procedures

First National Bank Checking Account

As noted in the Background section above, the County Treasurer did not perform any bank reconciliations subsequent to the March 2020 reconciliation completed by the APA, and took limited action to correct errors identified during the prior audit. Consequently, the APA again assisted with the bank reconciliations through March 2021. The County Treasurer uses a Daily Balance Sheet (DBS) to record activity in the bank accounts. As of June 30, 2020, the following reconciling items, which were identified between the DBS and the bank balance, require corrective action by the County Treasurer. Negative amounts included below indicate that the bank balance is short compared to the DBS balance.

Description	Amount
FY 2019 and Prior Uncorrected Errors	\$ (4,845)
Check Recording Errors	(42)
Deposit Recording Errors	(106)
Ending/Beginning Balance Differences on DBS	(505)
Bank Fees/Corrections/NSFs not Recorded	(2,423)
Electronic Deposits not Recorded on DBS	4,130
Transfer In not Recorded on DBS	108,000
March 2020 Interest Recorded on DBS Twice	(17)
Net Reconciling Items – Checking Account	\$ 104,192

First National Bank Credit Card Account

The County Treasurer also did not perform any bank reconciliations after the March 2020 reconciliation completed by the APA for the First National Bank Credit Card account. Like the checking account, limited action was taken to correct errors identified during the prior audit. As of June 30, 2020, the following reconciling items were identified between the DBS and the bank balance:

Description	Amount
FY 2019 and Prior Uncorrected Errors	\$ 1,766
Transfer Out not Recorded on DBS	(108,000)
Online/Credit Card Payments Received, not Recorded	1,875
Misc. Deposit Recording Errors	(81)
Credit Card Payment Declined, Not Adjusted	(15,909)
Unsupported Disbursement on DBS	16,934
Net Reconciling Items – Credit Card Account	\$ (103,415)

It should be noted that this account is used primarily for property tax payments paid via credit card. If the County Treasurer fails to receipt in such payments from the County's taxpayers, the system used by the Treasurer will indicate that the taxpayer(s) is/are delinquent when, in fact, they are not. Eventually, if the payments received but not recorded by the County Treasurer are not identified due to the lack of bank reconciliations, the County Treasurer may sell improperly the erroneous delinquent taxes at tax sale, exposing the County to potential lawsuits and other liability concerns.

Good internal controls require procedures to ensure: 1) the County Treasurer's DBS and other accounting records reflect accurately the money received and disbursed by his office; 2) the activity posted to the County's bank accounts is monitored appropriately; and 3) complete bank reconciliations are prepared on, at least, a monthly basis, and any errors identified are corrected in a timely manner.

Without such procedures, there is a significantly increased risk for not only the loss, theft, or misuse of public funds but also the County being exposed to potential lawsuits and other liability concerns.

We recommend the County Treasurer immediately implement procedures to ensure financial transactions are recorded accurately in the accounting records of his office, and bank balances are reconciled to book balances in a timely manner. Additionally, bank records should be reconciled, at least, monthly to protect taxpayer dollars. **It is unacceptable for the County Treasurer to allow the accounts under his control to remain unreconciled for months, if not years, and to rely on the APA to reconcile those accounts for him.**

Interest Not Received

During the audit, we noted that the County Treasurer lacked procedures to ensure that interest earned on the County’s bank accounts and CDs was receipted into the accounting records timely. As of June 30, 2020, we noted unreceipted interest of \$116,388, as detailed in the following table:

Bank – Account	Amount
First National Bank – Money Market	\$ 88
First National Bank Chadron – CDs	13,133
Farmers State Bank – Money Market	26,770
Farmers State Bank – CDs	73,810
NPAIT	2,587
Total Unreceipted Interest	\$ 116,388

Good internal controls and sound business practices require procedures to ensure interest earned on the County’s bank accounts and CDs is receipted timely, at least monthly.

Without such procedures, there is an increased risk that the financial records of the County Treasurer’s office will not reflect accurately the true amount of money in the County’s possession.

A similar comment was noted in the prior audit.

We recommend the County Treasurer implement procedures to ensure interest is receipted timely, at least monthly.

Fines and License Distribution

We noted that all the County Treasurer’s distributions of fines and license money were incorrect during the fiscal year ended June 30, 2020. The County Treasurer failed to use the proper student census numbers in the calculations. Additionally, the errors noted during the prior audit were not corrected. Consequently, the various school districts in the County did not receive the correct amount of funding, as detailed in the following table:

School	FY 2020 Errors	FY 2019 Errors	Total Over/(Under) Payment
Hemingford Public Schools	\$ (210)	\$ (430)	\$ (640)
Chadron Public Schools	(645)	(137)	(782)
Crawford Public Schools	992	554	1,546
Hay Springs Public Schools	(161)	158	(3)
Sioux County Schools	24	(145)	(121)

The accounting system used by the County Treasurer includes a functionality to calculate the distribution of fines and licenses. The accuracy of this functionality is dependent on the County Treasurer entering and updating the student census numbers correctly. Based on discussions with the Treasurer’s office staff, they were unaware of how to update the student census numbers in the system.

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

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

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

Additionally, good internal controls require procedures to ensure that distributions are calculated correctly and in accordance with applicable State statutes, prior errors are corrected timely, and staff have the knowledge necessary to utilize the accounting system appropriately.

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

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

Motor Vehicle Pro-Rate Distribution

During the prior audit for the fiscal year ended June 30, 2019, we noted that the County Treasurer’s April and June 2019 distributions of Motor Vehicle Pro-Rate were not correct. The County Treasurer had still not corrected the errors identified as of audit fieldwork in March 2021. The following table identifies the overpayments and underpayments noted that still need to be corrected:

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

Neb. Rev. Stat. § 60-3,202(3) (Cum. Supp. 2020) states the following:

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

Additionally, good internal controls require procedures to ensure distributions are calculated correctly and errors identified are corrected in a timely manner.

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

We recommend the County Treasurer correct the erroneous distributions and implement procedures to ensure any future corrections necessary are completed in a timely manner.

5% Gross In-Lieu Distribution

We tested the County Treasurer’s March 2020 distribution of 5% Gross In-Lieu taxes, totaling \$322,844, and noted that the calculation was not correct. The errors were a result of the County Treasurer using the incorrect tax levy rates for the City of Chadron and Crawford Public Schools, as well as omitting Crawford Public Schools from the distribution calculation for the Village of Whitney. The Village of Whitney includes both Chadron Public Schools and Crawford Public Schools; however, only Chadron Public Schools was included in the calculation.

As a result of these errors, the following over and under payments were noted:

Entity	Over/(Under) Payment
Dawes County	\$ 325
Chadron Public Schools	575
Crawford Public Schools	(1,426)
City of Chadron	285
City of Crawford	141
Village of Whitney	100

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

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

Additionally, good internal controls require procedures to ensure that the distribution of 5% Gross In-Lieu taxes is calculated in accordance with State statutes, using the correct tax levy rates.

Without such procedures, there is an increased risk of not only political subdivisions not receiving the appropriate amount of funding but also loss or misuse of funds.

We recommend the County Treasurer correct the erroneous distribution and implement procedures to ensure future distributions are calculated correctly and in compliance with State statute.

Inheritance Tax Interest Recording Error

During the fiscal year, we noted that the County Treasurer recorded interest on inheritance taxes, totaling \$769, to the incorrect fund. This money should have been recorded to the Inheritance Fund but was recorded instead to the Grants – Dawes County Fund, which was closed several years ago and has not been used since.

Per the Treasurer’s office, the Grants – Dawes County Fund was the only fund set up in its chart of accounts with a revenue account code for inheritance tax interest. Instead of recognizing the need to set up the necessary revenue account code in the Inheritance Fund, the Treasurer’s office receipted the money into the improper fund.

Good internal controls require procedures to ensure that all money received by the County Treasurer is recorded to the proper fund.

Without such procedures, there is an increased risk that the financial activity of the County will not be recorded properly.

We recommend the County Treasurer correct the prior errors and receive approval from the County Board to transfer this money to the Inheritance Fund. We further recommend the implementation of procedures to ensure future receipts are recorded to the proper fund.

Tax Reconciliation

We noted that the County Treasurer did not perform a reconciliation of total taxes to be collected, per the office’s system, to the original taxes certified by the County Assessor, ensuring that taxes were rolled over properly from the County Assessor to the County Treasurer, and tax corrections and collections were entered into the system properly. While attempting to perform this reconciliation as of June 30, 2020, we identified the following variances that could not be explained by the Treasurer’s office:

	2016 Taxes	2017 Taxes	2018 Taxes	2019 Taxes
Original Taxes Certified by County Assessor	\$ 13,397,635	\$ 13,688,826	\$ 14,078,652	\$ 14,589,435
Net Tax Corrections	3,386	(48,185)	(30,133)	(14,497)
Adjusted Certified Taxes	\$ 13,401,021	\$ 13,640,641	\$ 14,048,519	\$ 14,574,938
Taxes Due per County Treasurer’s System	13,400,546	13,639,007	14,048,172	14,573,337
Unknown Additions/(Deletions)	\$ (475)	\$ (1,634)	\$ (347)	\$ (1,601)

Neb. Rev. Stat. § 77-1710 (Reissue 2018) states, in part, the following, “The county treasurer shall maintain a record of the total tax assessed and monthly total tax collections.”

Good internal controls require procedures for periodic tax reconciliations to ensure that the total taxes certified by the County Assessor are collected correctly and posted to the appropriate tax year, and tax corrections are entered properly into the system.

The unknown amounts noted above are relatively insignificant in relation to the total taxes certified. Nevertheless, without proper tax reconciliation procedures, there is an increased risk for not only taxes due and taxes collected being reflected improperly in the County Treasurer’s system but also the County Treasurer failing to identify a potentially much larger error.

We recommend the County Treasurer implement procedures to ensure a complete and accurate tax reconciliation is completed timely, at least monthly, for the previous five tax years.

Trust Balances

The County Treasurer lacked procedures to review trust balances held by the office to ensure appropriate action was taken timely to resolve the balances held. Specifically, we noted the following:

- Four balances, totaling \$60,521, were held in the Tentative Inheritance Tax Fund; however, the final order assessing inheritance taxes had been filed previously in the County Court. Therefore, these balances should have been transferred to the Inheritance Fund and available for the County’s use.
- There was a \$1 balance in the Abandoned Motor Vehicle Fund. The County Treasurer was unable to explain what this balance was for or why it was remaining in this fund. It appears this \$1 should be transferred to the General Fund.

Good internal controls require procedures to ensure that trust balances held by the County Treasurer are monitored, and appropriate action is taken timely to resolve the balances, including transferring tentative inheritance tax receipts to the Inheritance Fund once the final order assessing inheritance tax is filed with the County Court.

Without such procedures, there is an increased risk for not only loss or misuse of funds but also inheritance tax receipts not being made available timely for the County’s use.

We recommend the County Treasurer implement procedures for reviewing periodically, at least monthly, trust balances held by the office and acting as necessary to resolve those balances.

Deposit Timeliness

We tested 10 days during the fiscal year to verify that cash and checks collected by the County Treasurer’s office were deposited to the bank timely. For 7 of those 10 days, deposits were not made timely. Details of those untimely deposits are provided in the following table:

Date Received	Cash	Checks	Total Deposit	Date Deposited	# of Business Days Lag
7/10/2019	\$ 344	\$ 10,338	\$ 10,682	7/15/2019	3 Days
7/24/2019	984	13,447	14,431	7/30/2019	4 Days
8/30/2019	1,683	606,271	607,955	9/9/2019	6 Days
12/20/2019	2,509	126,421	128,930	12/26/2019	4 Days
12/27/2019	1,135	212,952	214,086	1/3/2020	4 Days
2/25/2020	185	26,382	26,567	3/4/2020	6 Days
5/20/2020	-	9,563	9,563	5/27/2020	5 Days

Good internal controls and sound business practice require procedures to ensure that cash and checks collected by the Treasurer’s office are deposited to the bank timely – ideally daily but, at a minimum, every other day.

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

We recommend the County Treasurer implement procedures to ensure cash and checks received by the Treasurer’s office are deposited to the bank timely.

Unclaimed Property

We noted that the County Treasurer had 15 outstanding checks, totaling \$353, issued originally in fiscal year 2016 and 2017, that had not been remitted to the State Treasurer as unclaimed property.

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

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

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

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

* * * *

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

Good internal controls require procedures to ensure that outstanding checks qualifying as unclaimed property are remitted timely to the State Treasurer.

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

A similar comment was noted in the prior audit.

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

Pledged Collateral Approval

The County Treasurer failed to obtain from the County Board approval of pledged collateral for deposits in excess of Federal Deposit Insurance Corporation (FDIC) coverage, as required by State statute.

Neb. Rev. Stat. § 77-2318.01 (Reissue 2018) provides the following, as is relevant:

The county treasurer may deposit in any bank, capital stock financial institution, or qualifying mutual financial institution of the county in which he or she is treasurer in excess of the amounts authorized in section 77-2318 when (1) the depository secures the deposits by giving security as provided in the Public Funds Deposit Security Act and (2) the same is approved by a formal resolution of the county board.

Good internal controls require procedures to ensure that the County Board approves pledged collateral for deposits in excess of FDIC coverage.

Without such procedures, there is an increased risk of not only loss of public funds but also noncompliance with State statute.

We recommend the County Treasurer implement procedures for ensuring the County Board approves pledged collateral for deposits in excess of FDIC coverage.

County Treasurer's Response: Our office has been working diligently to get errors corrected from previous years, back to 2017 and sometimes earlier. It has been a team effort with myself and the Deputy Treasurer working to correct errors, and trying to get reconciliations caught up from the past, and progress to be current, with daily and monthly accountability. It has taken extra work from our office clerks, some of which have helped with these reconciliations, and others picking up the extra load at the front counter and with daily tasks. After last year's audit, we understood at the time that all past issues, mistakes, and discrepancies had to be worked out, corrected, and accounted for before we could be current and moving forward. We have since received guidance from the Auditor's office that we need to get the ok from our County Board to write off what is left of the discrepancies, and put our emphasis on staying current with our daily/monthly tasks.

Several of the mistakes noted, would have been accounted for had we been able to have a reconciliation process monthly. I can assure you now that we have installed processes, and new checks and balances to try to keep these issues from happening again, while also starting new processes to maintain proper accountability within our checking and credit card accounts. (These being our two biggest issues). We continue the learning process with updating the student census numbers for schools, and with unclaimed property as well as pledged collateral.

We are not above mistakes. Some mistakes were made, but I assure you we are working to correct these mistakes and improve our accounting processes, to meet and exceed all State and County requirements and expectations.

COUNTY BOARD

Duplicate Payment

During testing we noted that two claims submitted by the County Sheriff's office were duplicate payments, as shown in the following table.

Payee	Duplicate Amount	Original Claim		Duplicate Claim	
		Date	Claim #	Date	Claim #
Chadron Motor Company	\$ 111.00	10/8/2019	19100012	11/26/2019	19110167

As of audit fieldwork in March 2021, the County could not provide documentation that a credit or refund had been received for these duplicate payments.

Good internal controls and sound business practices require procedures for reviewing all claims prior to approval to ensure that they are not duplicate payments.

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

A similar comment was noted in the prior audit.

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

COUNTY CLERK

Interfund Transfers Not Recorded

During our audit, we noted that the County Clerk did not record any interfund transfers out in her records. Interfund transfers during the fiscal year totaled \$1,092,919.

Good internal controls and sound accounting practice require procedures to ensure that all financial activity is recorded accurately in the County Clerk’s records.

Without such procedures, there is an increased risk of the County’s financial activity being presented inaccurately.

We recommend the County Clerk implement procedures to ensure all interfund transfers out are recorded in her records.

Copy Fee Approval

During the fiscal year, the County Clerk collected fees for copies, totaling \$582; however, the fee charged was not approved by the County Board.

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

Additionally, good internal controls and sound business practice require fees to be set by the governing body and documentation of this approval be maintained.

Without such procedures there is an increased risk for theft, loss, or abuse of County funds.

We recommend the implementation of procedures to ensure both the County Board’s approval of all fees – other than those established by statute – charged by County offices and the maintenance of documentation for such approval.

CLERK OF THE DISTRICT COURT

Review of Monthly Case Balance Report and Report of Non-Case Receipts

We noted that the Clerk of the District Court was not adequately reviewing the monthly financial reports, including the Monthly Case Balance Report and the Report of Non-Case Receipts, to ensure the balances listed therein were proper, and appropriate action was being taken timely.

Three of four balances tested, totaling \$990, were not correct and current.

Good internal control and sound business practices require trust case balances of the District Court to be reviewed on an ongoing, timely basis to determine what action, if any, should be taken to resolve those balances.

Without such procedures, there is an increased risk of errors, omissions, or irregularities not being detected and resolved in a timely manner.

We recommend the District Court perform a detailed review of all monthly financial reports, including the Monthly Case Balance Report and the Report of Non-Case Receipts, and take appropriate action, as necessary, to resolve the balances therein.

Review of Overdue Case Account Report

During our audit, we noted that the District Court was not performing adequate follow-up procedures to resolve the overdue balances on the Overdue Case Account Report (Report). We tested 10 overdue balances, totaling \$15,681, and noted that none had subsequent action taken by the District Court to ensure collection and/or resolution of the balances.

As of February 26, 2021, the Overdue Case Account Report contained 215 overdue balances, totaling \$97,364, related to criminal cases. No cases had a current warrant issued, and only one case had a suspension issued. An additional four balances included on the Report, totaling \$363, were not associated with a specific case. No follow-up procedures were performed to resolve these balances.

The following table details the overdue amounts by the year the case was filed.

Year Case Filed	Number of Cases	Amount Overdue
1998	7	\$ 3,355
1999	6	2,099
2000	15	8,903
2001	15	6,390
2002	12	8,725
2003	6	1,978
2004	11	6,724
2005	6	1,851
2006	14	14,979
2007	10	3,414
2008	8	867
2009	8	2,085
2010	13	1,902
2011	8	1,010
2012	9	7,938
2013	8	1,731
2014	4	2,708
2015	10	3,164

Year Case Filed	Number of Cases	Amount Overdue
2016	3	1,217
2017	5	2,520
2018	6	2,473
2019	20	7,626
2020	11	3,705
No Case		363
	215	\$ 97,727

Good internal control and sound business practice require procedures to ensure that the Report is reviewed on an ongoing, timely basis to determine what action, if any, should be taken to collect or otherwise resolve the overdue balances listed thereon.

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

A similar comment was noted in the prior audit.

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

COUNTY VETERANS’ SERVICE OFFICER

Office Procedures

We noted the following items during our review of the Veterans’ Service Officer:

- During the fiscal year ended June 30, 2020, the Veterans’ Service Officer paid a total of \$300 to private individuals for setting headstones. There was no written contract or agreement on file to support the amount paid to these individuals.
- A \$500 VISA prepaid card was purchased from Wal-Mart and provided to a veteran’s family to assist with travel expenses while visiting a veteran in the hospital. No subsequent review or documentation was received to verify that these funds were actually used for the intended travel expenses.
- Eight \$50 Walmart gift cards were purchased and sent to veterans as “Christmas Gifts.” No subsequent review was performed to document how the funds were used.
- The Veterans’ Service Officer received cash donations; however, no records were maintained to support the amount received, such as a receipt book or ledger. Per the Veterans’ Service Officer, approximately \$900 in donations was received during the fiscal year. Additionally, these donations were not remitted to the County Treasurer, and they were spent without approval from the County Board.

Neb. Rev. Stat. § 80-102(1)(a) (Reissue 2014) states the following, in relevant part:

The county veterans service committee shall meet at least once each year or on call of the chairperson or of any three members of the committee. It shall determine the amount it considers necessary for providing aid, including food, shelter, fuel, wearing apparel, medical or surgical aid, or funeral expenses, for the purposes identified in subdivisions (b) and (c) of this subsection.

Neb. Rev. Stat. § 23-1601(1) (Cum. Supp. 2020) 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 controls require procedures to ensure the following: 1) written contracts or agreements are executed to support payments made for services provided; 2) reviews are performed to document how gift cards provided were used; 3) records are maintained to support all money received by the Veterans' Service Officer; and 4) donations received are remitted to the County Treasurer and disbursed on warrants issued by the County Board.

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

We recommend the County Veterans' Service Officer implement procedures to ensure the following: 1) written contracts or agreements are executed to support payments made for services provided; 2) reviews are performed to document how gift cards provided were used; 3) records are maintained to support all money received by the Veterans' Service Officer; and 4) donations received are remitted to the County Treasurer and disbursed as approved by the County Board.

COUNTY OVERALL

Segregation of Duties

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

We noted 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 issue 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. All formal responses received have been incorporated into this report. Where no response has been included, the County declined to respond. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next audit.

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.

Sincerely,

A handwritten signature in black ink that reads "Mark Avery". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

Mark Avery, CPA
Assistant Deputy Auditor