

**AUDIT REPORT  
OF  
DAWES COUNTY**

**JULY 1, 2020, THROUGH JUNE 30, 2021**

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the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original  
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**Issued on June 28, 2022**

# DAWES COUNTY

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DAWES COUNTY  
451 Main St.  
Chadron, NE 69337

**LIST OF COUNTY OFFICIALS**  
At June 30, 2021

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	Jake Stewart	Jan. 2023
	Levi Grant	Jan. 2025
	Valentin (Vic) Rivera	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	Gary Bridges	Appointed
Weed Superintendent	Dan Wordekemper	Appointed
Highway Superintendent	Wade Yada	Appointed
Emergency Manager	Nan Gould	Appointed
Public Defender	Rebecca Chasek	Appointed
Tourism Director	Kerri Rempp	Appointed



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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## DAWES COUNTY

### INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Dawes County, Nebraska

#### Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dawes County, as of and for the year ended June 30, 2021, 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, 2021, and the respective changes in cash-basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

## Emphasis of Matters – Basis of Accounting

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

## Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole, which collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, pages 17-27, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2022, 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

June 27, 2022

DAWES COUNTY  
**STATEMENT OF NET POSITION - CASH BASIS**  
June 30, 2021

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents (Note 1.D)	\$ 4,001,873
Investments (Note 1.D)	103,886
<b>TOTAL ASSETS</b>	<b>\$ 4,105,759</b>
 <b>NET POSITION</b>	
Restricted for:	
Visitor Promotion	\$ 139,588
911 Emergency Services	178,681
Drug Education	9,488
Law Enforcement	42,435
Preservation of Records	13,048
Debt Service	66,631
Road/Bridge Maintenance	292,764
Community Development	149,232
Unrestricted	3,213,892
<b>TOTAL NET POSITION</b>	<b>\$ 4,105,759</b>

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

DAWES COUNTY  
**STATEMENT OF ACTIVITIES - CASH BASIS**  
For the Year Ended June 30, 2021

<b>Functions:</b>	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
General Government	\$ (2,715,735)	\$ 248,090	\$ 248,932	\$ (2,218,713)
Public Safety	(1,302,226)	236,407	112,614	(953,205)
Public Works	(1,838,860)	3,034	1,320,480	(515,346)
Health and Sanitation	(5,763)	-	-	(5,763)
Public Assistance	(133,902)	-	-	(133,902)
Culture and Recreation	(219,962)	-	5,250	(214,712)
Debt Payments	(97,915)	-	-	(97,915)
Total Governmental Activities	<u>\$ (6,314,363)</u>	<u>\$ 487,531</u>	<u>\$ 1,687,276</u>	<u>(4,139,556)</u>

General Receipts:

Taxes	4,374,025
Grants and Contributions Not Restricted to Specific Programs	640,864
Investment Income	37,026
Licenses and Permits	45,566
Miscellaneous	70,729
Total General Receipts	<u>5,168,210</u>
Increase in Net Position	1,028,654
Net Position - Beginning of year	3,077,105
Net Position - End of year	<u>\$ 4,105,759</u>

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

DAWES COUNTY  
**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
June 30, 2021

	General Fund	Road Fund	Inheritance Fund	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents (Note 1.D)	\$ 1,361,205	\$ 313,716	\$ 1,361,863	\$ 965,089	\$ 4,001,873
Investments (Note 1.D)	-	-	103,886	-	103,886
<b>TOTAL ASSETS</b>	<u>\$ 1,361,205</u>	<u>\$ 313,716</u>	<u>\$ 1,465,749</u>	<u>\$ 965,089</u>	<u>\$ 4,105,759</u>
<b>FUND BALANCES</b>					
Restricted for:					
Visitor Promotion	-	-	-	139,588	139,588
911 Emergency Services	-	-	-	178,681	178,681
Drug Education	-	-	-	9,488	9,488
Law Enforcement	-	-	-	42,435	42,435
Preservation of Records	-	-	-	13,048	13,048
Debt Service	-	-	-	66,631	66,631
Road/Bridge Maintenance	-	-	-	292,764	292,764
Community Development	-	-	-	149,232	149,232
Committed to:					
Road Maintenance	-	313,716	-	-	313,716
Aid and Assistance	-	-	-	14,822	14,822
Appraisal of Property	-	-	-	58,400	58,400
Assigned to:					
Other Purposes	-	-	1,465,749	-	1,465,749
Unassigned	1,361,205	-	-	-	1,361,205
<b>TOTAL CASH BASIS FUND BALANCES</b>	<u>\$ 1,361,205</u>	<u>\$ 313,716</u>	<u>\$ 1,465,749</u>	<u>\$ 965,089</u>	<u>\$ 4,105,759</u>

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



DAWES COUNTY  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2021

	General Fund	Road Fund	Inheritance Fund	Nonmajor Funds	Total Governmental Funds
<b>RECEIPTS</b>					
Taxes	\$3,761,713	\$ -	\$ 257,353	\$ 354,959	\$ 4,374,025
Licenses and Permits	45,566	-	-	-	45,566
Investment Income	37,026	-	-	-	37,026
Intergovernmental	758,519	1,206,260	-	363,361	2,328,140
Charges for Services	477,830	3,034	-	6,667	487,531
Miscellaneous	63,607	544	-	6,578	70,729
<b>TOTAL RECEIPTS</b>	<u>5,144,261</u>	<u>1,209,838</u>	<u>257,353</u>	<u>731,565</u>	<u>7,343,017</u>
<b>DISBURSEMENTS</b>					
General Government	2,700,019	-	5,548	10,168	2,715,735
Public Safety	1,197,591	-	-	104,635	1,302,226
Public Works	108,874	1,674,986	-	55,000	1,838,860
Health and Sanitation	5,763	-	-	-	5,763
Public Assistance	130,554	-	-	3,348	133,902
Culture and Recreation	-	-	-	219,962	219,962
Debt Service:					
Principal Payments	-	-	-	70,200	70,200
Interest and Fiscal Charges	-	-	-	27,715	27,715
<b>TOTAL DISBURSEMENTS</b>	<u>4,142,801</u>	<u>1,674,986</u>	<u>5,548</u>	<u>491,028</u>	<u>6,314,363</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>1,001,460</u>	<u>(465,148)</u>	<u>251,805</u>	<u>240,537</u>	<u>1,028,654</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	400,000	-	92,212	492,212
Transfers out	(450,212)	-	(42,000)	-	(492,212)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(450,212)</u>	<u>400,000</u>	<u>(42,000)</u>	<u>92,212</u>	<u>-</u>
Net Change in Fund Balances	551,248	(65,148)	209,805	332,749	1,028,654
<b>CASH BASIS FUND BALANCES - BEGINNING</b>	<u>809,957</u>	<u>378,864</u>	<u>1,255,944</u>	<u>632,340</u>	<u>3,077,105</u>
<b>CASH BASIS FUND BALANCES - ENDING</b>	<u>\$1,361,205</u>	<u>\$ 313,716</u>	<u>\$ 1,465,749</u>	<u>\$ 965,089</u>	<u>\$ 4,105,759</u>

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

DAWES COUNTY  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES**  
**FIDUCIARY FUNDS**

For the Year Ended June 30, 2021

	Custodial Fund Balances July 1, 2020 (as restated)	Receipts	Disbursements	Custodial Fund Balances June 30, 2021
ASSETS				
Cash and Cash Equivalents	\$ 764,930	\$ 15,950,785	\$ 16,180,474	\$ 535,241
LIABILITIES				
Due to other governments				
State - Collected by County Treasurer	237,174	1,805,391	1,875,399	167,166
State - Collected by Other Offices	7,836	84,150	83,105	8,881
Schools	330,508	10,408,868	10,528,655	210,721
Educational Service Units	3,668	147,584	149,104	2,148
Technical College	24,903	981,305	992,102	14,106
Natural Resource Districts	3,924	155,194	156,882	2,236
Fire Districts	5,182	286,185	288,120	3,247
Municipalities	57,062	1,601,371	1,621,660	36,773
Agricultural Society	1,765	69,494	70,237	1,022
Solid Waste Agency of NW Nebraska	691	6,616	7,113	194
Others - Collected by County Treasurer	66,437	266,689	279,675	53,451
Others - Collected by Other Offices	25,780	137,938	128,422	35,296
TOTAL LIABILITIES	<u>764,930</u>	<u>15,950,785</u>	<u>16,180,474</u>	<u>535,241</u>
TOTAL NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2021

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 \$41,370 toward the operation of the Region during fiscal year 2021. 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 2021. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Supp. 2021). 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 \$204,147 during the fiscal year ended June 30, 2021. 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.

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

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

The County designates fund balances as follows:

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

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

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

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

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

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

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

**D. Assets and Net Position**

**Cash and Cash Equivalents.** The County's cash and cash equivalents are considered to be cash on hand, certificates of deposits, 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 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 \$891,867 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 \$4,001,873 for County funds and \$535,241 for Fiduciary funds. The bank balances for all funds totaled \$4,511,938. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2021, 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 \$103,886 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. **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 2020, for the 2020 taxes, which will be materially collected in May and September 2021, was set at \$.412753/\$100 of assessed valuation. The levy set in October 2019, for the 2019 taxes, which were materially collected in May and September 2020, was set at \$.391230/\$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. **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.

The tax receipts classification also contains collections from the assessment of inheritance taxes, 911 surcharges, and lodging taxes.

#### 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, 2021, 79 employees contributed \$113,033, and the County contributed \$167,976. Contributions included \$3,147 in cash contributions towards the supplemental law enforcement plan for seven 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 104 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 the county's withdrawal from participation or the termination of the agreement, as well as for liabilities of the pool incurred during the 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, 2021, consisted of the following:

<b>Transfers to</b>	Transfers from		Total
	General Fund	Inheritance Fund	
Road Fund	\$ 400,000	\$ -	\$ 400,000
Nonmajor Funds	50,212	42,000	92,212
Total	<u>\$ 450,212</u>	<u>\$ 42,000</u>	<u>\$ 492,212</u>

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

**7. Long-Term Obligations**

**Bonds**

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, 2021, was \$1,040,000. 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.

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS  
(Concluded)

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

Future Payments:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	75,000	20,657	95,657
2027-2031	405,000	75,190	480,190
2032-2034	275,000	16,650	291,650
Total Payments	<u>\$ 1,040,000</u>	<u>\$ 209,677</u>	<u>\$ 1,249,677</u>

8. **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.

9. **Historical Society**

During the fiscal year ended June 30, 2021, the Dawes County Historical Society (Historical Society) received \$24,000 of funding from the County per Neb. Rev. Stat. § 23-355.01 (Reissue 2012). The full amount received was spent by the Historical Society. Because the Historical Society is a separate non-profit organization, its bank and investment balances were not included in the financial statements.

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

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 4,092,473	\$ 4,092,473	\$3,761,713	\$ (330,760)
Licenses and Permits	23,750	23,750	45,566	21,816
Investment Income	1,000	1,000	37,026	36,026
Intergovernmental	340,965	340,965	758,519	417,554
Charges for Services	395,850	395,850	477,830	81,980
Miscellaneous	21,000	21,000	63,607	42,607
<b>TOTAL RECEIPTS</b>	<b>4,875,038</b>	<b>4,875,038</b>	<b>5,144,261</b>	<b>269,223</b>
<b>DISBURSEMENTS</b>				
General Government:				
County Board	99,620	99,620	92,357	7,263
County Clerk	179,808	179,808	171,245	8,563
County Treasurer	188,100	188,100	184,990	3,110
County Assessor	191,900	196,393	196,393	-
Election Commissioner	20,425	20,425	12,250	8,175
Building and Zoning	15,310	15,310	14,949	361
Clerk of the District Court	92,173	92,173	88,043	4,130
County Court System	86,355	86,355	58,460	27,895
District Judge	38,760	48,328	48,328	-
Public Defender	94,330	96,246	96,246	-
Building and Grounds	92,590	94,495	94,495	-
Agricultural Extension Agent	82,000	82,000	75,127	6,873
Miscellaneous	1,689,832	1,603,018	1,567,136	35,882
Public Safety				
County Sheriff	320,312	320,312	317,352	2,960
County Attorney	171,000	175,775	175,775	-
Communication Center	56,600	56,600	42,395	14,205
County Jail	408,000	442,532	442,532	-
Crawford Law Enforcement	161,770	177,685	177,685	-
County Attorney - Child Support	44,379	44,379	41,852	2,527
Public Works				
County Surveyor	18,200	18,200	18,200	-
Noxious Weed Control	130,880	130,880	90,674	40,206
Public Health				
Alcohol and Drug Abuse	13,500	13,500	5,763	7,737
Public Assistance				
Veterans' Service Officer	80,245	80,245	76,643	3,602
Institutions	27,201	37,536	37,536	-
Relief	13,000	16,375	16,375	-
<b>TOTAL DISBURSEMENTS</b>	<b>4,316,290</b>	<b>4,316,290</b>	<b>4,142,801</b>	<b>173,489</b>

(Continued)

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

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	558,748	558,748	1,001,460	442,712
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	192,000	192,000	-	(192,000)
Transfers out	(944,317)	(944,317)	(450,212)	494,105
TOTAL OTHER FINANCING SOURCES (USES)	(752,317)	(752,317)	(450,212)	302,105
Net Change in Fund Balance	(193,569)	(193,569)	551,248	744,817
<b>FUND BALANCE - BEGINNING</b>	693,569	693,569	809,957	116,388
<b>FUND BALANCE - ENDING</b>	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$1,361,205</u>	<u>\$ 861,205</u>

(Concluded)

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

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD FUND</b>				
RECEIPTS				
Intergovernmental	\$ 901,638	\$ 901,638	\$ 1,206,260	\$ 304,622
Charges for Services	-	-	3,034	3,034
Miscellaneous	-	-	544	544
TOTAL RECEIPTS	901,638	901,638	1,209,838	308,200
DISBURSEMENTS	1,840,995	1,840,995	1,674,986	166,009
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(939,357)	(939,357)	(465,148)	474,209
OTHER FINANCING SOURCES (USES)				
Transfers in	860,493	860,493	400,000	(460,493)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	860,493	860,493	400,000	(460,493)
Net Change in Fund Balance	(78,864)	(78,864)	(65,148)	13,716
FUND BALANCE - BEGINNING	378,864	378,864	378,864	-
FUND BALANCE - ENDING	\$ 300,000	\$ 300,000	\$ 313,716	\$ 13,716
<b>INHERITANCE FUND</b>				
RECEIPTS				
Taxes	\$ 75,000	\$ 75,000	\$ 257,353	\$ 182,353
TOTAL RECEIPTS	75,000	75,000	257,353	182,353
DISBURSEMENTS	1,064,175	1,064,175	5,548	1,058,627
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(989,175)	(989,175)	251,805	1,240,980
OTHER FINANCING SOURCES (USES)				
Transfers in	1,000	1,000	-	(1,000)
Transfers out	(267,000)	(267,000)	(42,000)	225,000
TOTAL OTHER FINANCING SOURCES (USES)	(266,000)	(266,000)	(42,000)	224,000
Net Change in Fund Balance	(1,255,175)	(1,255,175)	209,805	1,464,980
FUND BALANCE - BEGINNING	1,255,175	1,255,175	1,255,944	769
FUND BALANCE - ENDING	\$ -	\$ -	\$ 1,465,749	\$ 1,465,749

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

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>HIGHWAY BRIDGE BUYBACK FUND</b>				
Receipts	\$ 114,415	\$ 114,415	\$ 114,416	\$ 1
Disbursements	(347,763)	(347,763)	(55,000)	292,763
Net Change in Fund Balance	(233,348)	(233,348)	59,416	292,764
Fund Balance - Beginning	233,348	233,348	233,348	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 292,764</u>	<u>\$ 292,764</u>
<b>VISITORS PROMOTION FUND</b>				
Receipts	\$ 97,000	\$ 97,000	\$ 103,564	\$ 6,564
Disbursements	(128,367)	(128,367)	(84,475)	43,892
Net Change in Fund Balance	(31,367)	(31,367)	19,089	50,456
Fund Balance - Beginning	31,367	31,367	31,367	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,456</u>	<u>\$ 50,456</u>
<b>VISITORS IMPROVEMENT FUND</b>				
Receipts	\$ 122,000	\$ 122,000	\$ 100,285	\$ (21,715)
Disbursements	(246,334)	(246,334)	(135,487)	110,847
Net Change in Fund Balance	(124,334)	(124,334)	(35,202)	89,132
Fund Balance - Beginning	124,334	124,334	124,334	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,132</u>	<u>\$ 89,132</u>
<b>REAPPRAISAL FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(58,400)	(58,400)	-	58,400
Transfers in	50,212	50,212	50,212	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(8,188)	(8,188)	50,212	58,400
Fund Balance - Beginning	8,188	8,188	8,188	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,400</u>	<u>\$ 58,400</u>
<b>PRESERVATION &amp; MODERNIZATION FUND</b>				
Receipts	\$ 4,000	\$ 4,000	\$ 6,667	\$ 2,667
Disbursements	(14,275)	(14,275)	(3,894)	10,381
Net Change in Fund Balance	(10,275)	(10,275)	2,773	13,048
Fund Balance - Beginning	10,275	10,275	10,275	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,048</u>	<u>\$ 13,048</u>

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

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>VETERANS' AID FUND</b>				
Receipts	\$ -	\$ -	\$ 16	\$ 16
Disbursements	(18,154)	(18,154)	(3,348)	14,806
Net Change in Fund Balance	(18,154)	(18,154)	(3,332)	14,822
Fund Balance - Beginning	18,154	18,154	18,154	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,822</u>	<u>\$ 14,822</u>
<b>DRUG LAW ENFORCEMENT &amp; EDUCATION FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(9,488)	(9,488)	-	9,488
Net Change in Fund Balance	(9,488)	(9,488)	-	9,488
Fund Balance - Beginning	9,488	9,488	9,488	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,488</u>	<u>\$ 9,488</u>
<b>GRANT FUND</b>				
Receipts	\$ 91,494	\$ 91,494	\$ 73,762	\$ (17,732)
Disbursements	(102,351)	(102,351)	(42,184)	60,167
Net Change in Fund Balance	(10,857)	(10,857)	31,578	42,435
Fund Balance - Beginning	10,857	10,857	10,857	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,435</u>	<u>\$ 42,435</u>
<b>CDBG GRANT FUND</b>				
Receipts	\$ 156,044	\$ 156,044	\$ 155,506	\$ (538)
Disbursements	(156,044)	(156,044)	(6,274)	149,770
Net Change in Fund Balance	-	-	149,232	149,232
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 149,232</u>	<u>\$ 149,232</u>
<b>EMERGENCY 911 SERVICE FUND</b>				
Receipts	\$ 22,000	\$ 22,000	\$ 29,230	\$ 7,230
Disbursements	(81,300)	(81,300)	(37,946)	43,354
Transfers in	32,612	32,612	-	(32,612)
Transfers out	-	-	-	-
Net Change in Fund Balance	(26,688)	(26,688)	(8,716)	17,972
Fund Balance - Beginning	26,688	26,688	26,688	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,972</u>	<u>\$ 17,972</u>

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

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>911 WIRELESS SERVICE FUND</b>				
Receipts	\$ 53,772	\$ 53,772	\$ 53,773	\$ 1
Disbursements	(185,213)	(185,213)	(24,505)	160,708
Net Change in Fund Balance	(131,441)	(131,441)	29,268	160,709
Fund Balance - Beginning	131,441	131,441	131,441	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160,709</u>	<u>\$ 160,709</u>

<b>DUNLAP ROAD PROJECT FUND</b>				
Receipts	\$ 119,440	\$ 119,440	\$ 94,346	\$ (25,094)
Disbursements	(132,640)	(132,640)	(97,915)	34,725
Transfers in	75,000	75,000	42,000	(33,000)
Transfers out	-	-	-	-
Net Change in Fund Balance	61,800	61,800	38,431	(23,369)
Fund Balance - Beginning	28,200	28,200	28,200	-
Fund Balance - Ending	<u>\$ 90,000</u>	<u>\$ 90,000</u>	<u>\$ 66,631</u>	<u>\$ (23,369)</u>

(Concluded)



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

For the Year Ended June 30, 2021

	Highway Bridge Buyback Fund	Visitors Promotion Fund	Visitors Improvement Fund	Reappraisal Fund
<b>RECEIPTS</b>				
Taxes	\$ -	\$ 95,036	\$ 95,035	\$ -
Intergovernmental	114,416	1,950	5,250	-
Charges for Services	-	-	-	-
Miscellaneous	-	6,578	-	-
<b>TOTAL RECEIPTS</b>	<u>114,416</u>	<u>103,564</u>	<u>100,285</u>	<u>-</u>
<b>DISBURSEMENTS</b>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	55,000	-	-	-
Public Assistance	-	-	-	-
Culture and Recreation	-	84,475	135,487	-
Debt Service:				
Principal Payments	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>55,000</u>	<u>84,475</u>	<u>135,487</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>59,416</u>	<u>19,089</u>	<u>(35,202)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	50,212
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,212</u>
Net Change in Fund Balances	59,416	19,089	(35,202)	50,212
<b>FUND BALANCES - BEGINNING</b>	<u>233,348</u>	<u>31,367</u>	<u>124,334</u>	<u>8,188</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 292,764</u>	<u>\$ 50,456</u>	<u>\$ 89,132</u>	<u>\$ 58,400</u>
<b>FUND BALANCES:</b>				
Restricted for:				
Visitor Promotion	-	50,456	89,132	-
911 Emergency Services	-	-	-	-
Drug Education	-	-	-	-
Law Enforcement	-	-	-	-
Preservation of Records	-	-	-	-
Debt Service	-	-	-	-
Road/Bridge Maintenance	292,764	-	-	-
Community Development	-	-	-	-
Committed to:				
Aid and Assistance	-	-	-	-
Appraisal of Property	-	-	-	58,400
<b>TOTAL FUND BALANCES</b>	<u>\$ 292,764</u>	<u>\$ 50,456</u>	<u>\$ 89,132</u>	<u>\$ 58,400</u>

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

For the Year Ended June 30, 2021

	Preservation & Modernization Fund	Veterans' Aid Fund	Drug Law Enforcement & Education Fund	Grant Fund	CDBG Grant Fund
<b>RECEIPTS</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	16	-	73,762	155,506
Charges for Services	6,667	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>TOTAL RECEIPTS</b>	<u>6,667</u>	<u>16</u>	<u>-</u>	<u>73,762</u>	<u>155,506</u>
<b>DISBURSEMENTS</b>					
General Government	3,894	-	-	-	6,274
Public Safety	-	-	-	42,184	-
Public Works	-	-	-	-	-
Public Assistance	-	3,348	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>3,894</u>	<u>3,348</u>	<u>-</u>	<u>42,184</u>	<u>6,274</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>2,773</u>	<u>(3,332)</u>	<u>-</u>	<u>31,578</u>	<u>149,232</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	2,773	(3,332)	-	31,578	149,232
<b>FUND BALANCES - BEGINNING</b>	<u>10,275</u>	<u>18,154</u>	<u>9,488</u>	<u>10,857</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 13,048</u>	<u>\$ 14,822</u>	<u>\$ 9,488</u>	<u>\$ 42,435</u>	<u>\$ 149,232</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	9,488	-	-
Law Enforcement	-	-	-	42,435	-
Preservation of Records	13,048	-	-	-	-
Debt Service	-	-	-	-	-
Road/Bridge Maintenance	-	-	-	-	-
Community Development	-	-	-	-	149,232
Committed to:					
Aid and Assistance	-	14,822	-	-	-
Appraisal of Property	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 13,048</u>	<u>\$ 14,822</u>	<u>\$ 9,488</u>	<u>\$ 42,435</u>	<u>\$ 149,232</u>

DAWES COUNTY  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR FUNDS**  
For the Year Ended June 30, 2021

	Emergency 911 Service Fund	911 Wireless Service Fund	Dunlap Road Project Fund	Total Nonmajor Funds
<b>RECEIPTS</b>				
Taxes	\$ 29,230	\$ 53,773	\$ 81,885	\$ 354,959
Intergovernmental	-	-	12,461	363,361
Charges for Services	-	-	-	6,667
Miscellaneous	-	-	-	6,578
<b>TOTAL RECEIPTS</b>	<u>29,230</u>	<u>53,773</u>	<u>94,346</u>	<u>731,565</u>
<b>DISBURSEMENTS</b>				
General Government	-	-	-	10,168
Public Safety	37,946	24,505	-	104,635
Public Works	-	-	-	55,000
Public Assistance	-	-	-	3,348
Culture and Recreation	-	-	-	219,962
Debt Service:				
Principal Payments	-	-	70,200	70,200
Interest and Fiscal Charges	-	-	27,715	27,715
<b>TOTAL DISBURSEMENTS</b>	<u>37,946</u>	<u>24,505</u>	<u>97,915</u>	<u>491,028</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(8,716)</u>	<u>29,268</u>	<u>(3,569)</u>	<u>240,537</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	42,000	92,212
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>42,000</u>	<u>92,212</u>
Net Change in Fund Balances	(8,716)	29,268	38,431	332,749
<b>FUND BALANCES - BEGINNING</b>	<u>26,688</u>	<u>131,441</u>	<u>28,200</u>	<u>632,340</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 17,972</u>	<u>\$ 160,709</u>	<u>\$ 66,631</u>	<u>\$ 965,089</u>
<b>FUND BALANCES:</b>				
Restricted for:				
Visitor Promotion	-	-	-	139,588
911 Emergency Services	17,972	160,709	-	178,681
Drug Education	-	-	-	9,488
Law Enforcement	-	-	-	42,435
Preservation of Records	-	-	-	13,048
Debt Service	-	-	66,631	66,631
Road/Bridge Maintenance	-	-	-	292,764
Community Development	-	-	-	149,232
Committed to:				
Aid and Assistance	-	-	-	14,822
Appraisal of Property	-	-	-	58,400
<b>TOTAL FUND BALANCES</b>	<u>\$ 17,972</u>	<u>\$ 160,709</u>	<u>\$ 66,631</u>	<u>\$ 965,089</u>

DAWES COUNTY  
**SCHEDULE OF OFFICE ACTIVITIES**  
For the Year Ended June 30, 2021

	County Clerk	Clerk of the District Court	County Sheriff	Veterans' Service Officer	Employee Cafeteria Plan	Total
BALANCES JULY 1, 2020	\$ 12,569	\$ 28,895	\$ 2,765	\$ 5,148	\$ 18,204	\$ 67,581
RECEIPTS						
Licenses and Permits	2,219	-	835	-	-	3,054
Charges for Services	71,065	13,088	25,025	-	-	109,178
Miscellaneous	-	-	-	3,848	18,372	22,220
State Fees	75,761	8,389	-	-	-	84,150
Other Liabilities	-	117,044	20,894	-	-	137,938
TOTAL RECEIPTS	149,045	138,521	46,754	3,848	18,372	356,540
DISBURSEMENTS						
Payments to County Treasurer	71,093	12,867	24,251	-	-	108,211
Payments to State Treasurer	74,880	8,225	-	-	-	83,105
Petty Cash	-	-	-	3,848	18,204	22,052
Other Liabilities	-	107,871	20,551	-	-	128,422
TOTAL DISBURSEMENTS	145,973	128,963	44,802	3,848	18,204	341,790
BALANCES JUNE 30, 2021	\$ 15,641	\$ 38,453	\$ 4,717	\$ 5,148	\$ 18,372	\$ 82,331
BALANCES CONSIST OF:						
Due to County Treasurer	\$ 7,836	\$ 2,518	\$ 4,080	\$ 5,148	\$ 18,372	\$ 37,954
Petty Cash	200	-	-	-	-	200
Due to State Treasurer	7,605	1,276	-	-	-	8,881
Due to Others	-	34,659	637	-	-	35,296
BALANCES JUNE 30, 2021	\$ 15,641	\$ 38,453	\$ 4,717	\$ 5,148	\$ 18,372	\$ 82,331

DAWES COUNTY  
**SCHEDULE OF TAXES CERTIFIED AND COLLECTED**  
**FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY**  
June 30, 2021

Item	2016	2017	2018	2019	2020
Tax Certified by Assessor					
Real Estate	\$ 11,822,123	\$ 12,184,683	\$ 12,403,371	\$ 12,837,410	\$ 13,268,703
Personal and Specials	1,575,512	1,504,143	1,675,281	1,752,025	1,941,126
Total	<u>13,397,635</u>	<u>13,688,826</u>	<u>14,078,652</u>	<u>14,589,435</u>	<u>15,209,829</u>
Corrections					
Additions	9,150	5,468	10,809	10,633	4,178
Deductions	(6,239)	(55,286)	(38,679)	(26,314)	(5,134)
Net Additions/ (Deductions)	<u>2,911</u>	<u>(49,818)</u>	<u>(27,870)</u>	<u>(15,681)</u>	<u>(956)</u>
Corrected Certified Tax	<u>13,400,546</u>	<u>13,639,008</u>	<u>14,050,782</u>	<u>14,573,754</u>	<u>15,208,873</u>
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2017	7,841,735	-	-	-	-
June 30, 2018	5,533,629	8,186,302	-	-	-
June 30, 2019	16,900	5,445,503	8,220,538	-	-
June 30, 2020	3,977	4,554	5,815,034	8,548,977	-
June 30, 2021	1,789	5,184	8,044	5,994,699	9,024,305
Total Net Collections	<u>13,398,030</u>	<u>13,641,543</u>	<u>14,043,616</u>	<u>14,543,676</u>	<u>9,024,305</u>
Total Uncollected Tax	<u>\$ 2,516</u>	<u>\$ (2,535)</u>	<u>\$ 7,166</u>	<u>\$ 30,078</u>	<u>\$ 6,184,568</u>
Percentage Uncollected Tax	<u>0.02%</u>	<u>-0.02%</u>	<u>0.05%</u>	<u>0.21%</u>	<u>40.66%</u>

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



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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

Board of Commissioners  
Dawes County, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dawes County, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Dawes County's basic financial statements, and have issued our report thereon dated June 27, 2022. 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 June 27, 2022.

**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.

A handwritten signature in black ink, appearing to read "Mark Avery", with a long, sweeping horizontal line extending to the right.

Mark Avery, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska

June 27, 2022



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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June 27, 2022

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, 2021, and have issued our report thereon dated June 27, 2022. 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

#### Bank Reconciliation Procedures

In our prior audit for the County's fiscal year ended June 30, 2020, we noted that the County Treasurer had not reconciled the office bank accounts for a considerable period. Consequently, the Auditor of Public Accounts (APA) assisted the County Treasurer with the reconciliations of these accounts through April 2021. The County Treasurer then contracted with an accounting firm to assist in reconciling the accounts beginning with the month of May 2021. However, during our audit, we noted that the bank reconciliations continued to include prior errors that were not corrected.

#### ***First National Bank Checking Account***

The County Treasurer uses a Daily Balance Sheet (DBS) to record activity in the bank accounts. As of June 30, 2021, the following reconciling items were identified between the DBS and the bank balance that require corrective action by the County Treasurer. Similar items were noted in the prior year audit. Negative amounts included below indicate that the bank balance is short compared to the DBS balance.

Description	Amount
FY 2019 and Prior Uncorrected Errors	\$ (1,916)
FY 2020 Uncorrected Errors	\$ 181
Check Recording Errors	\$ 90
Deposit Recording Errors	\$ (3)
Miscellaneous Errors	\$ 402
<b>Net Reconciling Items – Checking Account</b>	<b>\$ (1,246)</b>



### ***First National Bank Credit Card Account***

Like the checking account noted above, as of June 30, 2021, the following reconciling items were identified between the DBS and the bank balance:

<b>Description</b>	<b>Amount</b>
FY 2019 and Prior Uncorrected Errors	\$ 1,373
FY 2020 Uncorrected Errors	\$ 1,669
Online/Credit Card Payments Received, not Recorded	\$ 6,626
Unsupported Disbursement on DBS	\$ (487)
<b>Net Reconciling Items – Credit Card Account</b>	<b>\$ 9,181</b>

It should be noted that this account is used primarily for property tax payments paid via credit card. If the County Treasurer fails to record properly a payment by a taxpayer, the system used by the County Treasurer will indicate that such taxpayer is delinquent when, in fact, he or she is not. Eventually, if the payment received, but not recorded by the County Treasurer, is not identified due to the lack of bank reconciliations, the County Treasurer may improperly sell the erroneous delinquent taxes at tax sale, exposing the County to potential lawsuits and other liability concerns.

### ***Interest Not Receipted***

Similar to what was noted in the previous sections for the bank accounts, it was noted in the prior year's audit 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. During the fiscal year ended June 30, 2021, the County Treasurer did work to correct this issue, including recording all previously unrecorded interest earned on these accounts. However, we still noted instances of interest on the County's CDs and bank accounts not being receipted into the accounting records timely and/or correctly. As of June 30, 2021, we noted unreceipted interest of \$1,432, as detailed in the following table:

<b>Bank - Account</b>	<b>Amount</b>
Homestead Bank - CDs	\$ 256
Nebraska Bank - CDs	\$ 1,176
<b>Total Unreceipted Interest</b>	<b>\$ 1,432</b>

Additionally, we noted one instance of the County Treasurer receipting into the accounting records the incorrect amount of interest. Interest earned on a money market account was receipted incorrectly into the accounting records as \$17, but it should have been \$6, resulting in \$11 more in interest being receipted into the accounting records than what was earned.

### ***Other Reconciling Items***

During our audit, we also noted that the County Treasurer was carrying one cash item, a non-sufficient funds check in the amount of \$422, on the DBS as a reconciling item for the entirety of the fiscal year ended June 30, 2021. The County Treasurer failed to take corrective action to collect the monies owed or otherwise resolve the non-sufficient funds check. Per review of subsequent DBS and accounting records, this was still a cash item on the DBS for March 31, 2022, meaning the County Treasurer had been carrying this as a cash item for more than 1.5 years.

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

Without such procedures, there is a significantly increased risk for the loss, theft, or misuse of funds, not to mention the County's exposure to potential lawsuits and other liability concerns.

A similar finding was noted in the prior audit.

We recommend the County Treasurer continue to take appropriate corrective actions, including the implementation of procedures to ensure that financial transactions are recorded accurately in the office's accounting records, bank balances are reconciled to book balances in a timely manner, and any errors or reconciling items noted are identified and corrected in a timely manner to protect taxpayer dollars.

### **Fines and License Distribution**

We noted that all of the County Treasurer's distributions of fines and license money were incorrect from July 2020 through February 2021. The County Treasurer failed to use the proper student census numbers in the calculations. Additionally, the errors noted during prior audits 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 2021	FY 2020	FY 2019	Total Over/(Under) Payment
Hemingford Public Schools	\$ (221)	\$ (210)	\$ (430)	\$ (861)
Chadron Public Schools	\$ (673)	\$ (645)	\$ (137)	\$ (1,455)
Crawford Public Schools	\$ 1,019	\$ 992	\$ 554	\$ 2,565
Hay Springs Public Schools	\$ (179)	\$ (161)	\$ 158	\$ (182)
Sioux County Schools	\$ 53	\$ 24	\$ (145)	\$ (68)

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.

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.

A similar finding was noted in the prior audit.

We recommend the County Treasurer correct the erroneous distributions noted. 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 audit, we noted that the County Treasurer's April 2021 distribution of Motor Vehicle Pro-Rate was not correct. Additionally, during the fiscal year ended June 30, 2019, audit, we noted that the County Treasurer's April and June 2019 distributions of Motor Vehicle Pro-Rate were incorrect. The County Treasurer had still not corrected the errors identified in the prior audit as of current audit fieldwork in April 2022.

The following table identifies the over- and underpayments noted that still need to be corrected:

<b>Subdivision</b>	<b>FY 2021 Over/(Under) Payments</b>	<b>FY 2019 Over/(Under) Payments</b>	<b>Total Over/(Under) Payments</b>
County General	\$ 106	\$ (19)	\$ 87
Chadron	\$ 31	\$ 4	\$ 35
Crawford	\$ 5	\$ (29)	\$ (24)
Chadron Fire	\$ 3	\$ 6	\$ 9
Crawford Fire	\$ 3	\$ -	\$ 3
NRD	\$ 4	\$ 12	\$ 16
ESU 13	\$ 4	\$ 7	\$ 11
Western CC	\$ 26	\$ (17)	\$ 9
Chadron Schools	\$ 158	\$ 249	\$ 407
Crawford Schools	\$ (377)	\$ (149)	\$ (526)
Hemingford Schools	\$ 26	\$ (55)	\$ (29)
Hay Springs Schools	\$ 7	\$ 8	\$ 15
Sioux Co. Schools	\$ 2	\$ (17)	\$ (15)
Ag Society	\$ 2	\$ -	\$ 2

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 that 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.

A similar finding was noted in the prior audit.

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

### **5% Gross In-Lieu Distribution**

During the prior audit for the fiscal year ended June 30, 2020, we noted that the County Treasurer's March 2020 distribution of 5% Gross In-Lieu taxes was incorrect. The County Treasurer had still not corrected the errors identified as of audit fieldwork in April 2022.

The following table identifies the over- and underpayments noted that still need to be corrected:

Entity	FY 2020 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 statute, using the correct tax levy rates, and errors identified are corrected in a timely manner.

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

A similar finding was noted in the prior audit.

We recommend the County Treasurer correct the erroneous distribution and implement procedures to ensure future distributions are correct.

### **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 to ensure 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, 2021, we identified the following variances, which could not be explained by the Treasurer's office:

	2016 Taxes	2017 Taxes	2018 Taxes	2019 Taxes	2020 Taxes
Original Taxes Certified by County Assessor	\$ 13,397,635	\$ 13,688,826	\$ 14,078,653	\$ 14,589,435	\$ 15,209,829
Net Tax Corrections	\$ 3,386	\$ (47,835)	\$ (25,355)	\$ (13,871)	\$ (1,205)
<b>Adjusted Certified Taxes</b>	<b>\$ 13,401,021</b>	<b>\$ 13,640,991</b>	<b>\$ 14,053,298</b>	<b>\$ 14,575,564</b>	<b>\$ 15,208,624</b>
Taxes Due Per County Treasurer's System	\$ 13,400,546	\$ 13,639,007	\$ 14,050,782	\$ 14,573,754	15,208,873
<b>Unknown Additions/(Deletions)</b>	<b>\$ (475)</b>	<b>\$ (1,984)</b>	<b>\$ (2,516)</b>	<b>\$ (1,810)</b>	<b>\$ 249</b>

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.

A similar finding was noted in the prior audit.

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

### **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.*

(Emphasis added). 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.

A similar finding was noted in the prior audit.

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

### **Timeliness of Distributions**

During our audit, we noted instances of the County Treasurer not distributing all funds received in a timely manner. The Motor Vehicle Pro-Rate payment received by the County on June 30, 2021, totaling \$11,425, was not paid to the political subdivisions to which it was owed until September 13, 2021. Additionally, when reviewing activity subsequent to the fiscal year ended June 30, 2021, we noted that the first one-half of the Property Tax Credit payment received by the County on January 31, 2022, totaling \$539,395, was not paid to the political subdivisions to which it was owed until May 6, 2022.

Neb. Rev. Stat. § 23-1601(4)(a) (Supp. 2021) states, in relevant part, the following:

*On or before the fifteenth day of each month, the county treasurer (i) shall pay to each city, village, school district, educational service unit, county agricultural society, rural or suburban fire protection district, and township located within the county the amount of all funds collected or received for the city, village, school district, educational service unit, county agricultural society, rural or suburban fire protection district, and township the previous calendar month[.]*

Additionally, good internal controls and sound accounting practices require procedures to ensure that funds collected or received are distributed to the proper entities within the timeframe established by State statute.

Without such procedures, there is an increased risk of not only the County Treasurer failing to comply with State statute but also political subdivisions in the County not receiving funds owed to them in a timely manner.

We recommend the County Treasurer implement procedures to ensure the timely distribution of all funds collected or received, as required by State statute.

*County Treasurer's Response: Our office has again been working diligently to get previous errors corrected properly, and to implement new procedures to prevent errors, as we continue to improve our reconciliation processes.*

*We do still have uncorrected errors from previous audits, that we have been delayed correcting as we want to make sure these are corrected properly moving forward.*

*As of Sep. 2021, our office had three openings for employment, one being a new Deputy Treasurer, and one month later a current office member unexpectedly lost her husband.*

*Training a new Deputy Treasurer, and two new office clerks caused a significant slowdown to previous reconciliations. During this time, we had to reprioritize our time and effort to maintaining the day-to-day processes and requirements.*

*While transitioning to a new Deputy Treasurer, we found several instances of incomplete documentation, and requirements that were not completed as expected. These instances, as well as some of the findings reported in this Audit, have/had already been corrected. We continue to update procedures to prevent future errors and untimely distributions.*

*We continue to work through previous and current audit findings, and work toward improving all office requirements and procedures, expected by Dawes County, and required by the State of Nebraska.*

## **COUNTY ASSESSOR**

### **Unauthorized Valuation Changes**

During the audit, we noted that the County Assessor changed various 2020 tax valuations after March 19<sup>th</sup> without approval of the Tax Equalization and Review Commission (TERC) or the County Board of Equalization.

According to the "Certification of Taxable Value and Valuation Attributable to Growth," due on or before August 20<sup>th</sup> each year, the County's taxable value for tax year 2020 totaled \$962,493,069. This form was dated August 11, 2020. The "Certificate of Taxes Levied" (CTL) filed with the State noted that the total valuation for the County for tax year 2020 was \$963,054,205. This resulted in a variance of \$561,136 between the August 20, 2020, certified valuation and the final valuation on the CTL filed with the State.

Neb. Rev. Stat. § 77-1315.01 (Reissue 2018) states the following:

*The current year's assessed valuation of any real property shall not be changed by the county assessor after March 19 except by action of the Tax Equalization and Review Commission or the county board of equalization, except beginning January 1, 2014, in any county with a population of at least one hundred fifty thousand inhabitants according to the most recent federal decennial census, the current year's assessed valuation of any real property shall not be changed after March 25 except by action of the commission or the county board of equalization.*

Good internal controls require procedures to ensure that no valuation changes are made after March 19<sup>th</sup>, unless approved by action of TERC or the County Board of Equalization.

Without such procedures, there is an increased risk of the County Assessor not only failing to comply with State statute but also effectively removing the taxpayers' opportunity to protest their property valuations pursuant to Neb. Rev. Stat. § 77-1502 (Supp. 2021).

We recommend the County Assessor implement procedures to ensure no valuation changes are made after March 19<sup>th</sup>, unless approved by TERC or the County Board of Equalization.

*County Assessor's Response: The Unapproved Valuation Changes were the result of clerical errors made during land classification updating which were inadvertently made in the "Current Land" component of our system instead of the "Future Land" component. Since the discovery of this error was made months after the fact, there was no way to know which parcels had been effected therefore eliminating the possibility of action by the County Board of Equalization or Tax Equalization and Review Commission (TERC).*

*Upon discovery of this error, I notified both the Field Operations, and Property Tax Administrator in the Department of Revenue, Property Assessment Division, of the clerical errors and to find out what, if any corrections could be made by my office. In addition the County Board of Equalization was made aware of the situation as well.*

*Please note that discovery of the Unapproved Valuation Changes prompted the disclosure of the clerical errors to the Department of Revenue, Property Assessment Division and the County Board of Equalization and the resulting actions made by my office over a year ago*

## **COUNTY BOARD**

### **Bidding Procedures**

During testing, we noted that the Board approved a payment of \$55,000 to Mainline Contracting, Inc., on claim 20120079 in December 2020 for the purchase of used box culverts. No bids were obtained for this purchase due to time constraints associated with obtaining the items after their removal during another project in South Dakota.

Neb. Rev. Stat. § 23-3108(1) (Reissue 2012) of the County Purchasing Act (Act) states, in relevant part, the following:

*Except as provided in section 23-3109, purchases of personal property or services by the county board or purchasing agent shall be made:*

*(a) Through the competitive sealed bidding process prescribed in section 23-3111 if the estimated value of the purchase is fifty thousand dollars or more[.]*

(Emphasis added.) Neb. Rev. Stat. § 23-3109(3) (Reissue 2012) provides the following:

*The governing board may waive the bidding requirements of the County Purchasing Act if the county can save a significant amount of money by entering into a special purchase. The county board shall, five days prior to such special purchase, publish notice of its intention to make such a special purchase, stating the items considered and inviting informal quotes. A two-thirds vote of the entire county board shall approve such special purchase.*

According to the Highway Department, this purchase provided significant cost savings to the County, and the purchase approval was completed by the County Board at the September 22, 2020, meeting. However, the minutes for that meeting contain no indication that such a purchase was ever discussed or approved. Additionally, the County could provide no documentation to support that a notice of intent to make "such a special purchase" was published, as required by the above statutory language.

Good internal controls and sound business practices require procedures to ensure that all applicable requirements of the Act are followed.

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

We recommend the County Board implement procedures to ensure adherence to all applicable requirements of the Act.

### **Quill.com Purchases**

Quill.com (Quill) is an online store that sells office and janitorial supplies, coffee and snacks, and numerous other items. Quill frequently offers free gifts as an incentive to purchase a specified dollar amount of items. We tested claim 21060177, dated June 22, 2021, for a \$1,411 payment to Quill and noted that the County Human Resources Department received a free bath wrap and a chip & dip tray. The free items were not on hand at the Courthouse, and there was no documentation to support their disposition. Upon further inquiry, however, the free items appear to have been retained personally by the former Human Resources Director. Based on the prices of similar items, the bath wrap and a chip & dip tray are valued at approximately \$12 and \$20, respectively.

The County has no formal policy for governing the disposition of free items received as purchase incentives.

Good internal controls and sound business practices require policies and procedures for the proper handling of free promotional items received by the County.

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

We recommend the County Board implement policies and procedures to ensure free gifts received from vendors are handled appropriately and used for the benefit of the County.

### **County Payroll**

During testing of payroll, we noted that the County was unable to provide adequate documentation to support all benefit elections for two employees tested. The only supporting documentation provided was printouts from the County's payroll system. No documentation was available to show what the employee actually elected. Specifically, we noted the following:

- For one employee tested, the County was unable to provide documentation to support what health insurance, vision insurance, and medical reimbursement coverages were elected. The amounts deducted from the employee's paycheck tested for these benefits totaled \$108, \$15, and \$50, respectively.
- For the second employee tested, the County was unable to provide documentation to support what health insurance coverage was elected. The health insurance deduction for the employee was \$108.

Good internal controls and sound business practices require that documentation be maintained on file to support all amounts deducted from employee paychecks.

Without such procedures, there is an increased risk of incorrect benefits being deducted from an employee's paycheck, which could also increase the risk of required Federal and State withholdings, including Social Security and Medicare tax withholdings, being calculated incorrectly.

We recommend the County Board direct the Human Resources Department to implement procedures for the review of all employee files to ensure that they contain documentation, other than mere printouts from the payroll system, of each employee's benefit elections.



### **Duplicate Payment**

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

Payee	Duplicate Amount	Original Claim		Duplicate Claim	
		Date	Claim #	Date	Claim #
Rapid City Journal	\$ 58.07	8/25/2020	20080195	9/22/2020	20090159

As of audit fieldwork in April 2022, 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 finding was noted in the prior audit.

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

### **Deputy County Attorney Agreement**

We noted that there was not a formal written agreement between the County and Skavdahl & Edmund law firm to support the monthly amount paid for Deputy County Attorney services. According to the County Attorney and Deputy County Attorney, there was only a verbal agreement in place. The law firm was paid \$5,400 per month for the services provided, plus reimbursement for any mileage.

Good internal controls and sound business practices require that written agreements, signed by both parties, be executed when the County makes monthly payments for services provided.

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

We recommend the County Attorney obtain a formal written agreement for the Deputy County Attorney services, specifying, among other things, the fees to be paid for those services.

### **COUNTY CLERK**

#### **Copy Fee Approval**

During the fiscal year, the County Clerk collected fees for copies, totaling \$781; 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 funds and business.

Additionally, good internal controls and sound business practice require County 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.

A similar finding was noted in the prior audit.

We recommend the implementation of procedures to ensure that the County Board approves all fees charged by County offices that are not otherwise set by State statute.

## **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 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, appearing to read "Mark Avery", with a long horizontal flourish extending to the right.

Mark Avery, CPA  
Assistant Deputy Auditor