

**AUDIT REPORT
OF
DAWES COUNTY**

JULY 1, 2021, THROUGH JUNE 30, 2022

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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 9, 2023

DAWES COUNTY

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DAWES COUNTY
451 Main St.
Chadron, NE 69337

LIST OF COUNTY OFFICIALS
At June 30, 2022

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	Jake Stewart	Jan. 2023
	Valentin (Vic) Rivera	Jan. 2023
	Webb Johnson	Jan. 2025
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 Daily	Jan. 2023
Treasurer	Sam Wellnitz	Jan. 2023
Veterans' Service Officer	Gary Bridges	Appointed
Weed Superintendent	Dan Wordekemper	Appointed
Highway Superintendent	Wade Yada	Appointed
Public Defender	Rebecca Chasek	Appointed
Tourism Director	Kerri Rempp	Appointed
Emergency Manager	Nan Gould	Appointed



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DAWES COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Dawes County, Nebraska

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying 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 the aggregate remaining fund information of Dawes County as of June 30, 2022, and the respective changes in cash-basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1, and for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that 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, pages 18-29, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2023, 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 solely 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 effectiveness of the County's 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.

A handwritten signature in black ink, appearing to read "Jeff Schreier". The signature is fluid and cursive, with the first name "Jeff" and last name "Schreier" clearly distinguishable.

Jeff Schreier, CPA
Audit Manager
Lincoln, Nebraska

May 25, 2023

DAWES COUNTY
STATEMENT OF NET POSITION - CASH BASIS
June 30, 2022

	Governmental Activities
	<hr/>
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 4,785,971
Investments (Note 1.D)	691,352
TOTAL ASSETS	<hr/> <hr/> \$ 5,477,323
 NET POSITION	
Restricted for:	
Visitor Promotion	\$ 240,433
911 Emergency Services	223,060
Drug Education	9,488
Law Enforcement	8,600
Preservation of Records	19,070
Debt Service	130,286
Road/Bridge Maintenance	407,940
Community Development	263,734
Federal Relief	586,086
Unrestricted	3,588,626
TOTAL NET POSITION	<hr/> <hr/> \$ 5,477,323

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, 2022

Functions:	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ (3,003,921)	\$ 248,733	\$ 239,448	\$ (2,515,740)
Public Safety	(2,059,273)	228,902	32,011	(1,798,360)
Public Works	(1,494,683)	2,656	1,251,197	(240,830)
Health and Sanitation	(24,176)	-	-	(24,176)
Public Assistance	(94,661)	-	-	(94,661)
Culture and Recreation	(216,003)	-	12,500	(203,503)
Debt Payments	(96,690)	-	-	(96,690)
Total Governmental Activities	<u>\$ (6,989,407)</u>	<u>\$ 480,291</u>	<u>\$ 1,535,156</u>	<u>(4,973,960)</u>

General Receipts:

Taxes	4,578,438
Grants and Contributions Not Restricted to Specific Programs	1,494,488
Investment Income	25,926
Licenses and Permits	41,627
Sale of Property	102,331
Miscellaneous	102,714
Total General Receipts	<u>6,345,524</u>

Change in Net Position	1,371,564
Net Position - Beginning of year	4,105,759
Net Position - End of year	<u>\$ 5,477,323</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, 2022

	General Fund	Road Fund	Inheritance Fund	COVID American Rescue Plan Fund	Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents (Note 1.D)	\$ 1,446,417	\$ 472,363	\$ 1,550,196	\$ -	\$ 1,316,995	\$ 4,785,971
Investments (Note 1.D)	1,222	-	104,044	586,086	-	691,352
TOTAL ASSETS	<u>\$ 1,447,639</u>	<u>\$ 472,363</u>	<u>\$ 1,654,240</u>	<u>\$ 586,086</u>	<u>\$ 1,316,995</u>	<u>\$ 5,477,323</u>
FUND BALANCES						
Restricted for:						
Visitor Promotion	-	-	-	-	240,433	240,433
911 Emergency Services	-	-	-	-	223,060	223,060
Drug Education	-	-	-	-	9,488	9,488
Law Enforcement	-	-	-	-	8,600	8,600
Preservation of Records	-	-	-	-	19,070	19,070
Debt Service	-	-	-	-	130,286	130,286
Road/Bridge Maintenance	-	-	-	-	407,940	407,940
Community Development	-	-	-	-	263,734	263,734
Federal Relief	-	-	-	586,086	-	586,086
Committed to:						
Road Maintenance	-	472,363	-	-	-	472,363
Aid and Assistance	-	-	-	-	14,004	14,004
Appraisal of Property	-	-	-	-	380	380
Assigned to:						
Other Purposes	-	-	1,654,240	-	-	1,654,240
Unassigned	1,447,639	-	-	-	-	1,447,639
TOTAL CASH BASIS FUND BALANCES	<u>\$ 1,447,639</u>	<u>\$ 472,363</u>	<u>\$ 1,654,240</u>	<u>\$ 586,086</u>	<u>\$ 1,316,995</u>	<u>\$ 5,477,323</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, 2022

	General Fund	Road Fund	Inheritance Fund	COVID American Rescue Plan Fund	Nonmajor Funds	Total Governmental Funds
RECEIPTS						
Taxes	\$ 3,853,875	\$ -	\$ 241,731	\$ -	\$ 482,832	\$ 4,578,438
Licenses and Permits	41,627	-	-	-	-	41,627
Investment Income	25,926	-	-	-	-	25,926
Intergovernmental	691,710	1,152,114	-	834,156	351,664	3,029,644
Charges for Services	471,613	2,656	-	-	6,022	480,291
Miscellaneous	63,119	-	-	-	39,595	102,714
TOTAL RECEIPTS	5,147,870	1,154,770	241,731	834,156	880,113	8,258,640
DISBURSEMENTS						
General Government	2,855,223	-	-	4,320	144,378	3,003,921
Public Safety	1,611,253	-	-	243,750	204,270	2,059,273
Public Works	98,560	1,396,123	-	-	-	1,494,683
Health and Sanitation	24,176	-	-	-	-	24,176
Public Assistance	93,827	-	-	-	834	94,661
Culture and Recreation	-	-	-	-	216,003	216,003
Debt Service:						
Principal Payments	-	-	-	-	70,200	70,200
Interest and Fiscal Charges	-	-	-	-	26,490	26,490
TOTAL DISBURSEMENTS	4,683,039	1,396,123	-	248,070	662,175	6,989,407
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	464,831	(241,353)	241,731	586,086	217,938	1,269,233
OTHER FINANCING SOURCES (USES)						
Transfers in	-	400,000	-	-	134,235	534,235
Transfers out	(480,728)	-	(53,240)	-	(267)	(534,235)
Sale of Property	102,331	-	-	-	-	102,331
TOTAL OTHER FINANCING SOURCES (USES)	(378,397)	400,000	(53,240)	-	133,968	102,331
Net Change in Fund Balances	86,434	158,647	188,491	586,086	351,906	1,371,564
CASH BASIS FUND BALANCES - BEGINNING	1,361,205	313,716	1,465,749	-	965,089	4,105,759
CASH BASIS FUND BALANCES - ENDING	\$ 1,447,639	\$ 472,363	\$ 1,654,240	\$ 586,086	\$ 1,316,995	\$ 5,477,323

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, 2022

	Custodial Fund Balances July 1, 2021	Receipts	Disbursements	Custodial Fund Balances June 30, 2022
ASSETS				
Cash and Cash Equivalents	\$ 535,241	\$ 16,483,031	\$ 16,466,441	\$ 551,831
LIABILITIES				
Due to other governments				
State - Collected by County Treasurer	167,166	1,628,694	1,647,058	148,802
State - Collected by Other Offices	8,881	99,435	102,641	5,675
Schools	210,721	10,771,291	10,746,242	235,770
Educational Service Units	2,148	154,364	154,182	2,330
Technical College	14,106	1,013,515	1,012,331	15,290
Natural Resource Districts	2,236	157,673	157,556	2,353
Fire Districts	3,247	264,598	264,220	3,625
Municipalities	36,773	1,662,782	1,664,030	35,525
Agricultural Society	1,022	97,176	96,506	1,692
Solid Waste Agency of NW Nebraska	194	4,374	4,078	490
Others - Collected by County Treasurer	53,451	301,494	310,388	44,557
Others - Collected by Other Offices	35,296	327,635	307,209	55,722
TOTAL LIABILITIES	<u>535,241</u>	<u>16,483,031</u>	<u>16,466,441</u>	<u>551,831</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, 2022

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 \$33,208 toward the operation of the Region during fiscal year 2022. 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 2022. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Cum. Supp. 2022). Financial information for the Department is available in that report.

B. Basis of Presentation

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

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

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

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

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

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.

COVID American Rescue Plan Fund. This fund is used to account for aid received from the Federal government through the American Rescue Plan Act and will be used as allowed by Federal regulations and approved by the County Board.

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 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 deposit, 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 \$1,888,697 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 and County Budget Act of 1937. 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 \$4,785,971 for County funds and \$551,831 for Fiduciary funds. The bank balances for all funds totaled \$5,362,064. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2022, 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 \$691,352 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 2021, for the 2021 taxes, which will be materially collected in May and September 2022, was set at \$.405543/\$100 of assessed valuation. The levy set in October 2020, for the 2020 taxes, which were materially collected in May and September 2021, was set at \$.412753/\$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 (the 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 2022) 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, 2022, 75 employees contributed \$117,585, and the County contributed \$174,758. Contributions included \$3,239 in cash contributions towards the supplemental law enforcement plan for seven law enforcement employees. Lastly, the County paid \$672 directly to eight 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 106 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, 2022, consisted of the following:

Transfers to	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
Road Fund	\$ 400,000	\$ -	\$ -	\$ 400,000
Nonmajor Funds	80,728	53,240	267	134,235
Total	\$ 480,728	\$ 53,240	\$ 267	\$ 534,235

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, 2022, was \$970,000. 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:

Year	Principal	Interest	Total
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	75,000	19,120	94,120
2028-2032	420,000	64,320	484,320
2033-2034	185,000	8,400	193,400
Total Payments	<u>\$ 970,000</u>	<u>\$ 183,387</u>	<u>\$ 1,153,387</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.

DAWES COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 4,039,993	\$ 4,039,993	\$ 3,853,875	\$ (186,118)
Licenses and Permits	29,750	29,750	41,627	11,877
Investment Income	1,030	1,030	25,926	24,896
Intergovernmental	274,290	274,290	691,710	417,420
Charges for Services	399,550	399,550	471,613	72,063
Miscellaneous	40,747	40,747	63,119	22,372
TOTAL RECEIPTS	4,785,360	4,785,360	5,147,870	362,510
DISBURSEMENTS				
General Government:				
County Board	106,000	106,000	104,406	1,594
County Clerk	191,495	191,495	175,954	15,541
County Treasurer	203,180	203,180	198,876	4,304
County Assessor	207,781	207,781	194,602	13,179
Election Commissioner	40,630	40,630	36,074	4,556
Building and Zoning	15,310	15,310	14,805	505
Clerk of the District Court	92,273	92,273	90,609	1,664
County Court System	88,100	88,100	59,830	28,270
District Judge	46,700	46,700	35,350	11,350
Public Defender	96,414	96,414	96,027	387
Building and Grounds	99,145	99,145	93,334	5,811
Agricultural Extension Agent	87,932	87,932	74,035	13,897
Miscellaneous	1,726,189	1,726,189	1,681,321	44,868
Public Safety				
County Sheriff	320,397	320,397	306,586	13,811
County Attorney	170,631	178,498	178,498	-
Communication Center	329,850	329,850	304,897	24,953
County Jail	441,950	609,165	609,165	-
Crawford Law Enforcement	162,392	168,200	168,200	-
County Attorney - Child Support	45,158	45,158	43,907	1,251
Public Works				
County Surveyor	25,200	25,200	-	25,200
Noxious Weed Control	127,780	127,780	98,560	29,220
Public Health				
Alcohol and Drug Abuse	12,600	24,176	24,176	-
Public Assistance				
Veterans' Service Officer	95,265	95,265	80,692	14,573
Institutions	27,201	27,201	12,335	14,866
Relief	14,500	14,500	800	13,700
TOTAL DISBURSEMENTS	4,774,073	4,966,539	4,683,039	283,500

(Continued)

DAWES COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	11,287	(181,179)	464,831	646,010
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(872,492)	(680,026)	(480,728)	199,298
Sale of Property	-	-	102,331	102,331
TOTAL OTHER FINANCING SOURCES (USES)	(872,492)	(680,026)	(378,397)	301,629
Net Change in Fund Balance	(861,205)	(861,205)	86,434	947,639
FUND BALANCE - BEGINNING	1,361,205	1,361,205	1,361,205	-
FUND BALANCE - ENDING	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 1,447,639</u>	<u>\$ 947,639</u>
				(Concluded)

DAWES COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 1,023,631	\$ 1,023,631	\$ 1,152,114	\$ 128,483
Charges for Services	-	-	2,656	2,656
TOTAL RECEIPTS	1,023,631	1,023,631	1,154,770	131,139
DISBURSEMENTS	1,837,111	1,837,111	1,396,123	440,988
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(813,480)	(813,480)	(241,353)	572,127
OTHER FINANCING SOURCES (USES)				
Transfers in	799,764	799,764	400,000	(399,764)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	799,764	799,764	400,000	(399,764)
Net Change in Fund Balance	(13,716)	(13,716)	158,647	172,363
FUND BALANCE - BEGINNING	313,716	313,716	313,716	-
FUND BALANCE - ENDING	\$ 300,000	\$ 300,000	\$ 472,363	\$ 172,363
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 75,000	\$ 75,000	\$ 241,731	\$ 166,731
TOTAL RECEIPTS	75,000	75,000	241,731	166,731
DISBURSEMENTS	1,530,509	1,530,509	-	1,530,509
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(1,455,509)	(1,455,509)	241,731	1,697,240
OTHER FINANCING SOURCES (USES)				
Transfers in	43,000	43,000	-	(43,000)
Transfers out	(53,240)	(53,240)	(53,240)	-
TOTAL OTHER FINANCING SOURCES (USES)	(10,240)	(10,240)	(53,240)	(43,000)
Net Change in Fund Balance	(1,465,749)	(1,465,749)	188,491	1,654,240
FUND BALANCE - BEGINNING	1,465,749	1,465,749	1,465,749	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 1,654,240	\$ 1,654,240

(Continued)

DAWES COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>COVID AMERICAN RESCUE PLAN FUND</u>				
RECEIPTS				
Intergovernmental	\$ 1,665,784	\$ 1,665,784	\$ 834,156	\$ (831,628)
TOTAL RECEIPTS	<u>1,665,784</u>	<u>1,665,784</u>	<u>834,156</u>	<u>(831,628)</u>
DISBURSEMENTS	<u>1,665,784</u>	<u>1,665,784</u>	<u>248,070</u>	<u>1,417,714</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>586,086</u>	<u>586,086</u>
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 586,086</u></u>	<u><u>\$ 586,086</u></u>
				(Concluded)

DAWES COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
HIGHWAY BRIDGE BUYBACK FUND				
Receipts	\$ 116,217	\$ 116,217	\$ 115,176	\$ (1,041)
Disbursements	(408,981)	(408,981)	-	408,981
Net Change in Fund Balance	(292,764)	(292,764)	115,176	407,940
Fund Balance - Beginning	292,764	292,764	292,764	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 407,940</u>	<u>\$ 407,940</u>
VISITORS PROMOTION FUND				
Receipts	\$ 102,000	\$ 102,000	\$ 143,000	\$ 41,000
Disbursements	(152,456)	(152,456)	(122,893)	29,563
Net Change in Fund Balance	(50,456)	(50,456)	20,107	70,563
Fund Balance - Beginning	50,456	50,456	50,456	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,563</u>	<u>\$ 70,563</u>
VISITORS IMPROVEMENT FUND				
Receipts	\$ 104,500	\$ 104,500	\$ 173,848	\$ 69,348
Disbursements	(193,632)	(193,632)	(93,110)	100,522
Net Change in Fund Balance	(89,132)	(89,132)	80,738	169,870
Fund Balance - Beginning	89,132	89,132	89,132	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 169,870</u>	<u>\$ 169,870</u>
REAPPRAISAL FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(78,800)	(87,800)	(87,420)	380
Transfers in	20,400	29,400	29,400	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(58,400)	(58,400)	(58,020)	380
Fund Balance - Beginning	58,400	58,400	58,400	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 380</u>	<u>\$ 380</u>
PRESERVATION & MODERNIZATION FUND				
Receipts	\$ 4,000	\$ 4,000	\$ 6,022	\$ 2,022
Disbursements	(17,048)	(17,048)	-	17,048
Net Change in Fund Balance	(13,048)	(13,048)	6,022	19,070
Fund Balance - Beginning	13,048	13,048	13,048	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,070</u>	<u>\$ 19,070</u>

(Continued)

DAWES COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VETERANS' AID FUND				
Receipts	\$ -	\$ -	\$ 16	\$ 16
Disbursements	(14,822)	(14,822)	(834)	13,988
Net Change in Fund Balance	(14,822)	(14,822)	(818)	14,004
Fund Balance - Beginning	14,822	14,822	14,822	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,004</u>	<u>\$ 14,004</u>
DRUG LAW ENFORCEMENT & EDUCATION FUND				
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>
GRANT FUND				
Receipts	\$ 83,629	\$ 83,629	\$ 32,011	\$ (51,618)
Disbursements	(126,064)	(126,064)	(65,846)	60,218
Net Change in Fund Balance	(42,435)	(42,435)	(33,835)	8,600
Fund Balance - Beginning	42,435	42,435	42,435	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,600</u>	<u>\$ 8,600</u>
CDBG GRANT FUND				
Receipts	\$ 228,044	\$ 228,044	\$ 171,460	\$ (56,584)
Disbursements	(377,276)	(377,276)	(56,958)	320,318
Net Change in Fund Balance	(149,232)	(149,232)	114,502	263,734
Fund Balance - Beginning	149,232	149,232	149,232	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263,734</u>	<u>\$ 263,734</u>
EMERGENCY 911 SERVICE FUND				
Receipts	\$ 22,000	\$ 22,000	\$ 24,757	\$ 2,757
Disbursements	(91,300)	(91,300)	(44,884)	46,416
Transfers in	51,328	51,328	51,328	-
Transfers out	-	-	(267)	(267)
Net Change in Fund Balance	(17,972)	(17,972)	30,934	48,906
Fund Balance - Beginning	17,972	17,972	17,972	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,906</u>	<u>\$ 48,906</u>

(Continued)

DAWES COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
911 WIRELESS SERVICE FUND				
Receipts	\$ 53,000	\$ 53,000	\$ 53,478	\$ 478
Disbursements	(266,949)	(266,949)	(93,540)	173,409
Transfers in	53,240	53,240	53,507	267
Transfers out	-	-	-	-
Net Change in Fund Balance	(160,709)	(160,709)	13,445	174,154
Fund Balance - Beginning	160,709	160,709	160,709	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 174,154</u>	<u>\$ 174,154</u>
DUNLAP ROAD PROJECT FUND				
Receipts	\$ 173,009	\$ 173,009	\$ 160,345	\$ (12,664)
Disbursements	(102,640)	(102,640)	(96,690)	5,950
Transfers in	-	-	-	-
Transfers out	(42,000)	(42,000)	-	42,000
Net Change in Fund Balance	28,369	28,369	63,655	35,286
Fund Balance - Beginning	66,631	66,631	66,631	-
Fund Balance - Ending	<u>\$ 95,000</u>	<u>\$ 95,000</u>	<u>\$ 130,286</u>	<u>\$ 35,286</u>
				(Concluded)

DAWES COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR FUNDS
For the Year Ended June 30, 2022

	Highway Bridge Buyback Fund	Visitors Promotion Fund	Visitors Improvement Fund	Reappraisal Fund
RECEIPTS				
Taxes	\$ -	\$ 131,348	\$ 131,348	\$ -
Intergovernmental	115,176	2,057	12,500	-
Charges for Services	-	-	-	-
Miscellaneous	-	9,595	30,000	-
TOTAL RECEIPTS	<u>115,176</u>	<u>143,000</u>	<u>173,848</u>	<u>-</u>
DISBURSEMENTS				
General Government	-	-	-	87,420
Public Safety	-	-	-	-
Public Assistance	-	-	-	-
Culture and Recreation	-	122,893	93,110	-
Debt Service:				
Principal Payments	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>122,893</u>	<u>93,110</u>	<u>87,420</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>115,176</u>	<u>20,107</u>	<u>80,738</u>	<u>(87,420)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	29,400
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,400</u>
Net Change in Fund Balances	115,176	20,107	80,738	(58,020)
FUND BALANCES - BEGINNING	<u>292,764</u>	<u>50,456</u>	<u>89,132</u>	<u>58,400</u>
FUND BALANCES - ENDING	<u>\$ 407,940</u>	<u>\$ 70,563</u>	<u>\$ 169,870</u>	<u>\$ 380</u>
FUND BALANCES:				
Restricted for:				
Visitor Promotion	-	70,563	169,870	-
911 Emergency Services	-	-	-	-
Drug Education	-	-	-	-
Law Enforcement	-	-	-	-
Preservation of Records	-	-	-	-
Debt Service	-	-	-	-
Road/Bridge Maintenance	407,940	-	-	-
Community Development	-	-	-	-
Committed to:				
Aid and Assistance	-	-	-	-
Appraisal of Property	-	-	-	380
TOTAL FUND BALANCES	<u>\$ 407,940</u>	<u>\$ 70,563</u>	<u>\$ 169,870</u>	<u>\$ 380</u>

(Continued)

DAWES COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR FUNDS
For the Year Ended June 30, 2022

	Preservation & Modernization Fund	Veterans' Aid Fund	Drug Law Enforcement & Education Fund	Grant Fund
RECEIPTS				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	16	-	32,011
Charges for Services	6,022	-	-	-
Miscellaneous	-	-	-	-
TOTAL RECEIPTS	6,022	16	-	32,011
DISBURSEMENTS				
General Government	-	-	-	-
Public Safety	-	-	-	65,846
Public Assistance	-	834	-	-
Culture and Recreation	-	-	-	-
Debt Service:				
Principal Payments	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
TOTAL DISBURSEMENTS	-	834	-	65,846
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	6,022	(818)	-	(33,835)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balances	6,022	(818)	-	(33,835)
FUND BALANCES - BEGINNING	13,048	14,822	9,488	42,435
FUND BALANCES - ENDING	\$ 19,070	\$ 14,004	\$ 9,488	\$ 8,600
FUND BALANCES:				
Restricted for:				
Visitor Promotion	-	-	-	-
911 Emergency Services	-	-	-	-
Drug Education	-	-	9,488	-
Law Enforcement	-	-	-	8,600
Preservation of Records	19,070	-	-	-
Debt Service	-	-	-	-
Road/Bridge Maintenance	-	-	-	-
Community Development	-	-	-	-
Committed to:				
Aid and Assistance	-	14,004	-	-
Appraisal of Property	-	-	-	-
TOTAL FUND BALANCES	\$ 19,070	\$ 14,004	\$ 9,488	\$ 8,600

(Continued)

DAWES COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR FUNDS
For the Year Ended June 30, 2022

	CDBG Grant Fund	Emergency 911 Service Fund	911 Wireless Service Fund	Dunlap Road Project Fund	Total Nonmajor Funds
RECEIPTS					
Taxes	\$ -	\$ 23,522	\$ 54,713	\$ 141,901	\$ 482,832
Intergovernmental	171,460	-	-	18,444	351,664
Charges for Services	-	-	-	-	6,022
Miscellaneous	-	1,235	(1,235)	-	39,595
TOTAL RECEIPTS	<u>171,460</u>	<u>24,757</u>	<u>53,478</u>	<u>160,345</u>	<u>880,113</u>
DISBURSEMENTS					
General Government	56,958	-	-	-	144,378
Public Safety	-	44,884	93,540	-	204,270
Public Assistance	-	-	-	-	834
Culture and Recreation	-	-	-	-	216,003
Debt Service:					
Principal Payments	-	-	-	70,200	70,200
Interest and Fiscal Charges	-	-	-	26,490	26,490
TOTAL DISBURSEMENTS	<u>56,958</u>	<u>44,884</u>	<u>93,540</u>	<u>96,690</u>	<u>662,175</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>114,502</u>	<u>(20,127)</u>	<u>(40,062)</u>	<u>63,655</u>	<u>217,938</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	51,328	53,507	-	134,235
Transfers out	-	(267)	-	-	(267)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>51,061</u>	<u>53,507</u>	<u>-</u>	<u>133,968</u>
Net Change in Fund Balances	114,502	30,934	13,445	63,655	351,906
FUND BALANCES - BEGINNING	<u>149,232</u>	<u>17,972</u>	<u>160,709</u>	<u>66,631</u>	<u>965,089</u>
FUND BALANCES - ENDING	<u>\$ 263,734</u>	<u>\$ 48,906</u>	<u>\$ 174,154</u>	<u>\$ 130,286</u>	<u>\$ 1,316,995</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	240,433
911 Emergency Services	-	48,906	174,154	-	223,060
Drug Education	-	-	-	-	9,488
Law Enforcement	-	-	-	-	8,600
Preservation of Records	-	-	-	-	19,070
Debt Service	-	-	-	130,286	130,286
Road/Bridge Maintenance	-	-	-	-	407,940
Community Development	263,734	-	-	-	263,734
Committed to:					
Aid and Assistance	-	-	-	-	14,004
Appraisal of Property	-	-	-	-	380
TOTAL FUND BALANCES	<u>\$ 263,734</u>	<u>\$ 48,906</u>	<u>\$ 174,154</u>	<u>\$ 130,286</u>	<u>\$ 1,316,995</u>

(Concluded)

DAWES COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2022

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Veterans' Service Officer	Employee Cafeteria Plan	Total
BALANCES JULY 1, 2021	\$ 15,641	\$ 38,453	\$ 4,717	\$ -	\$ 5,148	\$ 18,372	\$ 82,331
RECEIPTS							
Licenses and Permits	1,949	-	-	-	-	-	1,949
Charges for Services	66,631	11,477	24,953	-	-	-	103,061
Miscellaneous	-	-	411	-	835	18,504	19,750
State Fees	91,759	7,676	-	-	-	-	99,435
Other Liabilities	-	315,081	8,626	3,928	-	-	327,635
TOTAL RECEIPTS	160,339	334,234	33,990	3,928	835	18,504	551,830
DISBURSEMENTS							
Payments to County Treasurer	71,673	11,737	25,246	-	-	-	108,656
Payments to State Treasurer	94,592	8,049	-	-	-	-	102,641
Petty Cash & Other Payments	-	-	-	-	835	17,425	18,260
Other Liabilities	-	295,630	7,651	3,928	-	-	307,209
TOTAL DISBURSEMENTS	166,265	315,416	32,897	3,928	835	17,425	536,766
BALANCES JUNE 30, 2022	\$ 9,715	\$ 57,271	\$ 5,810	\$ -	\$ 5,148	\$ 19,451	\$ 97,395
BALANCES CONSIST OF:							
Due to County Treasurer	\$ 4,743	\$ 2,258	\$ 4,198	\$ -	\$ 5,148	\$ 19,451	\$ 35,798
Petty Cash	200	-	-	-	-	-	200
Due to State Treasurer	4,772	903	-	-	-	-	5,675
Due to Others	-	54,110	1,612	-	-	-	55,722
BALANCES JUNE 30, 2022	\$ 9,715	\$ 57,271	\$ 5,810	\$ -	\$ 5,148	\$ 19,451	\$ 97,395

DAWES COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2022

Item	2017	2018	2019	2020	2021
Tax Certified by Assessor					
Real Estate	\$ 12,184,683	\$ 12,403,371	\$ 12,837,410	\$ 13,268,703	\$ 13,368,849
Personal and Specials	1,504,143	1,675,281	1,752,025	1,941,126	2,096,649
Total	<u>13,688,826</u>	<u>14,078,652</u>	<u>14,589,435</u>	<u>15,209,829</u>	<u>15,465,498</u>
Corrections					
Additions	5,468	10,809	10,634	3,599	684
Deductions	(55,287)	(35,069)	(22,603)	(5,134)	(523)
Net Additions/ (Deductions)	<u>(49,819)</u>	<u>(24,260)</u>	<u>(11,969)</u>	<u>(1,535)</u>	<u>161</u>
Corrected Certified Tax	<u>13,639,007</u>	<u>14,054,392</u>	<u>14,577,466</u>	<u>15,208,294</u>	<u>15,465,659</u>
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2018	8,186,302	-	-	-	-
June 30, 2019	5,445,503	8,220,538	-	-	-
June 30, 2020	4,554	5,815,034	8,548,977	-	-
June 30, 2021	5,184	8,044	5,994,699	9,024,305	-
June 30, 2022	-	7,253	29,159	6,171,176	9,463,339
Total Net Collections	<u>13,641,543</u>	<u>14,050,869</u>	<u>14,572,835</u>	<u>15,195,481</u>	<u>9,463,339</u>
Total Uncollected Tax	<u>\$ (2,536)</u>	<u>\$ 3,523</u>	<u>\$ 4,631</u>	<u>\$ 12,813</u>	<u>\$ 6,002,320</u>
Percentage Uncollected Tax	<u>-0.02%</u>	<u>0.03%</u>	<u>0.03%</u>	<u>0.08%</u>	<u>38.81%</u>

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



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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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 25, 2023. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing 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 the 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 a 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 first paragraph of this section 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.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Additional Items

We also noted certain matters that we reported to the management of Dawes County in a separate letter dated May 25, 2023.

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 results 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 "Jeff Schreier".

Jeff Schreier, CPA
Audit Manager
Lincoln, Nebraska

May 25, 2023



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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May 25, 2023

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, 2022, and have issued our report thereon dated May 25, 2023. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

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

COUNTY TREASURER

Background

Sam Wellnitz was elected Dawes County Treasurer at the November 6, 2018, general election and took office in January 2019. He was reelected to a second term at the November 8, 2022, general election. The Auditor of Public Accounts (APA) has performed Dawes County's audit for the fiscal years ending June 30, 2019, through June 30, 2022. During those audits, the APA has repeatedly noted significant concerns regarding the operations of the County Treasurer's office – with little, if any, corrective action taken by the County Treasurer to address those concerns.

The County Treasurer is in control of millions of dollars of public funds on a daily basis, making it imperative for him to have the necessary skills and basic competence to fulfil the duties of his office – thereby, ensuring that taxpayer money is protected and accounted for both timely and accurately. During the fiscal year ended June 30, 2022, the County Treasurer recorded receipts of **\$24,803,708**, illustrating the substantial amount of public funds for which he is responsible.

In light of the substantial amount of public funds entrusted to the County Treasurer – as well as not only the gravity of the following comments and recommendations but also the continued lack of action to correct prior audit findings – we recommend that the County Board, along with the Dawes County residents whose tax dollars have been placed in continual jeopardy for the past four years, evaluate whether the office of the Dawes County Treasurer is being administered effectively.

We recommend with the utmost emphasis and urgency that the County Treasurer take seriously the issues identified in this report and implement immediate corrective action. Furthermore, the County Board may wish to consider the statutory options available for addressing the ongoing deficiencies that have long plagued the County Treasurer's office, determining how to prevent not only the continuation of such gross inadequacies but also the potential for significant financial losses and resultant exposure to liability should those operational shortcomings persist unabated.

Semi-Annual Statement Publications

The following issues were noted during our review of the semi-annual statements published by the County Treasurer for the six-month periods ending December 31, 2021, and June 30, 2022:

- The December 31, 2021, published semi-annual statement indicated that the County Treasurer's fund balances totaled \$6,946,081; however, the amount published by the County Treasurer for the money actually in his custody at December 31, 2021, totaled only \$6,322,239. Effectively, the County Treasurer published that the amount of money in his custody was short \$623,842 in comparison to how much money he should have, based on the reported fund balances. Despite this significant shortage, the County Treasurer failed to identify this issue before submitting the semi-annual statement to the newspaper.

After further investigation, we determined the County Treasurer was not actually short this money. Instead, the County Treasurer published the amount of money in his custody as of December 27, 2021, rather than December 31, 2021.

- Similarly, the June 30, 2022, published semi-annual statement indicated that the County Treasurer's fund balances totaled \$7,129,405; however, the amount published by the County Treasurer for the money actually in his custody at June 30, 2022, was \$5,969,490. Again, due to this error, the County Treasurer effectively informed the taxpayers of Dawes County that he was missing \$1,159,915.

After further investigation, we determined the County Treasurer published the balances of the money in his custody as of June 30, 2022; however, the financial activity reported was only for the period of January 1, 2022, through May 31, 2022. Again, the County Treasurer failed to identify this error before submitting the semi-annual statement to the newspaper.

The tables below summarize both the financial activity published by the County Treasurer and the actual financial activity for the full six-month period ending June 30, 2022, per the County Treasurer's accounting system.

Six-Month Activity As Published by County Treasurer					
Fund Categories	December 31, 2021 Balance	Receipts	Disbursements	Transfers	June 30, 2022 Balance
County	\$ 5,054,571	\$ 3,484,774	\$ (3,030,442)	\$ 217,706	\$ 5,726,609
State	142,673	601,930	(628,443)	-	116,160
Schools	1,342,536	5,641,421	(6,032,106)	-	951,851
Educational Service Units	19,502	81,395	(87,032)	-	13,865
Technical College	130,194	534,266	(573,456)	-	91,004
Natural Resources Districts	19,941	82,332	(88,270)	-	14,003
Fire Districts	38,395	132,832	(145,970)	-	25,257
Solid Waste Agency of NW Nebraska	261	2,966	(1,589)	-	1,638
Municipalities	104,303	985,217	(984,648)	-	104,872
Agricultural Society	13,498	57,998	(61,428)	-	10,068
Others	80,207	533,690	(184,582)	(355,237)	74,078
Totals	\$ 6,946,081	\$ 12,138,821	\$ (11,817,966)	\$ (137,531)	\$ 7,129,405

Actual Six-Month Activity Per Accounting System					
Fund Categories	December 31, 2021 Balance	Receipts	Disbursements	Transfers	June 30, 2022 Balance
County	\$ 5,054,571	\$ 4,165,030	\$ (3,989,652)	\$ 247,374	\$ 5,477,323
State	142,673	749,635	(743,505)	-	148,803
Schools	1,342,536	5,877,191	(6,983,957)	-	235,770
Educational Service Units	19,502	83,725	(100,897)	-	2,330
Technical College	130,194	549,556	(664,460)	-	15,290
Natural Resources Districts	19,941	84,684	(102,272)	-	2,353

Actual Six-Month Activity Per Accounting System					
Fund Categories	December 31, 2021 Balance	Receipts	Disbursements	Transfers	June 30, 2022 Balance
Fire Districts	38,395	136,457	(171,227)	-	3,625
Solid Waste Agency of NW Nebraska	261	3,456	(3,227)	-	490
Municipalities	104,303	1,020,742	(1,089,520)	-	35,525
Agricultural Society	13,498	59,691	(71,497)	-	1,692
Others	80,207	541,219	(221,537)	(355,333)	44,556
Totals	\$ 6,946,081	\$ 13,271,386	\$ (14,141,751)	\$ (107,959)	\$ 5,967,757

It should also be noted that there was an unknown variance of \$1,733 at June 30, 2022, between the total fund balance recorded in the County Treasurer's accounting system and the actual money in his custody. The County Treasurer appears to have been completely unaware of this variance before it was revealed during the audit, and he was unable to explain its cause subsequently.

Neb. Rev. Stat. § 23-1605(1)(d) (Reissue 2022) states the following:

The statement shall show the receipts and disbursements of the county treasurer's office for the last preceding six months ending June 30 and December 31, including (i) the amount of money received and for what fund category, (ii) the amount of disbursements and from what fund category, (iii) the ending fund balance in each fund category, (iv) the amount of outstanding warrants or orders registered and unpaid, (v) the total balance, and (vi) the total amount of unpaid claims of the county as of June 30 and December 31 of each year, as certified to the county treasurer by the county clerk.

(Emphasis added.) A good internal control plan requires procedures to ensure that semi-annual statements published by the County Treasurer show an accurate account of all financial activity for the appropriate period and accurately reflect the actual amount of money in the custody of the County Treasurer at the end of the reporting period.

Without such procedures, there is an increased risk of the County Treasurer failing to comply with State statute. Additionally, when published semi-annual statements are inaccurate, the taxpayers of Dawes County are misinformed regarding important financial affairs of the County Treasurer's office.

We recommend the County Treasurer implement procedures to ensure published semi-annual statements reflect accurately the financial affairs of the County Treasurer's office.

Bank Reconciliation Procedures

As has been noted continually since the fiscal year 2019 audit, the County Treasurer continued to lack adequate procedures to ensure that complete and accurate bank reconciliations were completed, and reconciling items noted during those reconciliations were corrected in a timely manner. Specifically, we noted the following:

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, 2022, the following reconciling items were identified between the DBS and the bank balance, requiring 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
FY2019 and Prior Uncorrected Errors	\$ (68)
FY2020 Uncorrected Errors	181
FY2021 Uncorrected Errors	489
FY2022 Uncorrected Errors	(581)
Net Reconciling Items	\$ 21

First National Bank Credit Card Account

Similarly, the County Treasurer also failed to perform complete and accurate reconciliations of his First National Bank Credit Card account. As of June 30, 2022, the reconciled bank balance was \$65,105; however, the DBS balance was \$62,841. The County Treasurer was unable to identify the cause of the \$2,264 variance. The County Treasurer did attempt to complete a reconciliation of this account; however, the procedures performed effectively reconciled only the monthly activity in and out of the account, rather than reconciling the ending balances.

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 payments received, but not recorded by the County Treasurer, are 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 Errors

The County Treasurer failed to record interest of \$2,560 earned on certificates of deposit at Homestead Bank. Additionally, we noted the County Treasurer failed to correct a prior year error in which interest was improperly recorded as \$17 instead of \$6, resulting in \$11 more in interest being receipted into the accounting records than what was earned.

Neb. Rev. Stat. § 23-1611 (Reissue 2022) provides the following, as is relevant:

The Auditor of Public Accounts shall establish a uniform system of accounting for all county officers. The system, when established, shall be installed and used by all county officers, except that any county with a population of one hundred thousand or more inhabitants may use an accounting system that utilizes generally accepted accounting principles.

Chapter 1 of the “Accounting and Budgeting System for Nebraska Counties,” promulgated by the APA pursuant to § 23-1611, provides the following regarding balancing requirements:

Each county office that collects or handles county or fiduciary funds is required to accurately account for such funds at all times. This includes all cash, bank accounts, investments, petty cash funds, or any other assets in the custody of or responsibility of the county office or department. Accurate accountability includes:

- 1. Reconciling bank records to financial records at least monthly*
- 2. Reconciling daily receipts/disbursements to general financial records at least daily for County Treasurer and monthly for other offices or departments*
- 3. Reconciling subsidiary financial records to general financial records at least monthly*
- 4. Reconciling petty cash on hand or in the bank to the authorized petty cash amount at least monthly*

Reconciling includes maintaining documentation to support any variances identified between the records.

(Emphasis added.) 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 or other liability concerns as a result of not properly accounting for all money received and disbursed by the County Treasurer.

A similar finding has been noted continually since the fiscal year 2019 audit.

We recommend the County Treasurer implement procedures to ensure financial transactions are recorded accurately in the office’s accounting records, bank balances are reconciled to book balances monthly, and any errors or reconciling items noted are identified and corrected in a timely manner to protect taxpayer dollars.

Timeliness of Distributions

During our audit, we noted several instances in which the County Treasurer did not pay out the amount of all funds collected or received during the previous calendar month by the 15th of the following month, as mandated by Neb. Rev. Stat. § 23-1601(4)(a) (Reissue 2022).

- The County Treasurer received \$13,158 in April 2022 for 1957 In-Lieu taxes. Of this amount, \$1,097 was due to the State of Nebraska, but was not paid out until August 2022, or four months after the original receipt of this money. The remaining amount received was not paid to the political subdivisions until June 2022, or one month after the timeframe outlined in § 23-1601(4)(a). The following table outlines how the \$13,158 received was allocated to the County, State, and other political subdivisions in the County:

Entity	Amount
Dawes County	\$ 926
State of Nebraska	1,097
Chadron Public Schools	4,745
Hemingford Public Schools	25
Hay Springs Public Schools	1
Crawford Public Schools	695
City of Chadron	4,967
City of Crawford	655
Village of Whitney	26
Dawes County Agricultural Society	21
Total	\$ 13,158

- The County Treasurer received \$37,405 in August 2021 for the Payments in Lieu of Taxes (PILT) program; however, this money was not paid out to the political subdivisions to which it was owed until December 2021, or three months after the statutory deadline. The following table outlines how the \$37,405 was allocated to the County and other political subdivisions in the County:

Entity	Amount
Dawes County	\$ 7,481
Chadron Public Schools	23,958
Hemingford Public Schools	941
Hay Springs Public Schools	183
Sioux County Public Schools	46
Crawford Public Schools	4,796
Total	\$ 37,405

- The County Treasurer received the first one-half of the Property Tax Credit payment in January 2022, totaling \$539,395; however, this money was not paid to the political subdivisions to which it was owed until May 2022, or three months after the statutory deadline.

Neb. Rev. Stat. § 23-1601(4)(a) (Reissue 2022) 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
....

Neb. Rev. Stat. § 70-651.01 (Reissue 2018) states the following:

Every public power district or public power and irrigation district owning property with respect to which it made payments in lieu of taxes in the 1957 calendar year, shall, so long as it continues to own such property, continue to pay annually the same amounts in the same manner. The directors of any such district shall not have any personal liability by reason of such payments made either before or after September 28, 1959.

Neb. Rev. Stat. § 70-651.02 (Reissue 2018) states the following:

The officer receiving payment under section 70-651.01 shall distribute to the state and to each governmental subdivision of the state entitled thereto a part of such payment equivalent to that part of the payment which it received in 1957 in lieu of taxes for property located within its boundaries. The payment may be used for such purposes as the governing body of the state or governmental subdivision prescribes.

(Emphasis added.) Additionally, good internal controls and sound accounting practices require procedures to ensure that funds collected or received are distributed to the proper entities timely, within one month after collection.

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.

A similar finding was noted during the prior audit.

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

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, 2022, we identified the following variances, which could not be explained by the Treasurer's office:

	2017 Taxes	2018 Taxes	2019 Taxes	2020 Taxes
Original Taxes Certified by County Assessor	\$ 13,688,826	\$ 14,078,653	\$ 14,589,435	\$ 15,209,829
Net Tax Corrections	(47,835)	(23,913)	(10,159)	(1,625)
Adjusted Certified Taxes	\$ 13,640,991	\$ 14,054,740	\$ 14,579,276	\$ 15,208,204
Taxes Due per County Treasurer's System	13,639,007	14,054,392	14,577,466	15,208,295
Unknown Additions / (Deletions)	\$ (1,984)	\$ (348)	\$ (1,810)	\$ 91

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 has been noted since the fiscal year 2020 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.

Prior Year Error Corrections

We noted numerous instances in which the County Treasurer continually failed to correct distribution errors noted in prior audits, dating back to the fiscal year ending June 30, 2019. The details of these prior year uncorrected errors are as follows.

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 June 30, 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.

Motor Vehicle Pro-Rate Distribution

During the fiscal year ending June 30, 2019, and June 30, 2021, audits, we noted errors in the County Treasurer's distribution of Motor Vehicle Pro-Rate. As of June 30, 2022, the County Treasurer had still not corrected these prior errors.

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

Entity	FY 2021 Over/(Under) Payments	FY 2019 Over/(Under) Payments	Total Over/(Under) Payments
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) (Reissue 2021) 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.

Fines and License Distribution

During our audit, we noted the County Treasurer had still not corrected errors identified during the prior three audits related to the distribution of fines and license money to the County's school districts. Consequently, the various school districts in the County had still not received 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)

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.

Good internal controls and sound business practices require procedures to ensure that errors identified are corrected in a timely manner.

Without such procedures, there is an increased risk that political subdivisions in the County will not receive the proper 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.

Cash Items

A "cash item" represents money that, despite not being received yet, has already been receipted by the County Treasurer into the accounting records.

As of June 30, 2022, we noted the County Treasurer was carrying two cash items, totaling \$637, that had not been followed-up on timely to resolve the amounts still owed. The amount of \$422 was originally added as a cash item in July 2020, and \$215 was originally added as a cash item in July 2021. As of audit fieldwork in March 2023, both of these cash items had still not been resolved.

Good internal controls require procedures to review cash items on an ongoing, timely basis, to determine what action should be taken to collect or otherwise resolve the amount still owed.

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

A similar finding was noted in the prior audit.

We recommend the County Treasurer implement procedures to review cash items on an ongoing, timely basis, to determine what action should be taken to collect, or otherwise resolve, the amount still owed.

Trust Balance Follow-Up

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

- Two tentative inheritance tax balances of \$4,236 and \$27,510 were not transferred from the Tentative Inheritance Tax Fund to the Inheritance Tax Fund timely after the final order assessing inheritance tax was filed in County Court. The final orders were filed in County Court in April 2021 and November 2022, respectively; however, as of audit fieldwork in March 2023, the balances were still in the Tentative Inheritance Tax Fund.
- A \$1,000 balance was held in the Holding Trust and Agency Fund for an appeal bond that was filed with the County Treasurer by an individual protesting the allowance of a claim by the County Board. This court case was closed on September 9, 2022. As of audit fieldwork in March 2023, the County Treasurer had not followed-up on this balance held to determine its proper disposition after the conclusion of the court case.

Good internal controls require procedures to ensure that trust balances held by the County Treasurer are monitored, and appropriate action is taken timely to resolve the balances held.

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

We recommend the County Treasurer implement procedures for reviewing, at least monthly, all trust balances held by that office and taking timely action to resolve trust balances held.

Pledged Collateral Approval

The County Treasurer did not file and obtain approval from the County Board for the exchange of collateral pledged to secure the County's bank deposits.

Neb. Rev. Stat. § 77-2318.01 (Reissue 2018) states, in relevant part, the following:

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 required approval of pledged collateral is obtained from the County Board.

Without such procedures, there is an increased risk for not only loss or misuse of public funds but also statutory noncompliance.

We recommend the County Treasurer implement procedures to ensure the required approval of pledged collateral is obtained from the County Board.

County Treasurer's Response: In response to the findings of our Audit performed by the State Auditor's office.

This years Audit, in my opinion, does not truly represent the effort and hard work that has been happening, and continues to happen daily, in my office.

Make no mistake, we are still working hard to correct past reconciliation errors, as well as bring many past due issues up to date.

This year we did have a reporting issue with our six-month report that was not caught before publishing. We also had just started correcting previous audit findings, when this audit started. I argue the finding of "with little, if any, corrective action taken by the County Treasurer to address those concerns". I also disagree with the statement that "tax dollars have been placed in continual jeopardy for the past four years".

Although not represented in this Audit, we have made much progress with reconciliations, dating back to 2017.

At this current time, most all of the previous audit findings have been corrected, as well as many of the findings from this audit. New procedures have been implemented, and some current procedures have been adjusted to continue to improve our daily and monthly requirements.

I absolutely without exception, know the gravity of responsibility, this office has, and that I have to this office. I will continue to work diligently, to make the improvements needed, to bring this office into statutory compliance as required by the State of Nebraska, and expected by the residents of Dawes County.

COUNTY BOARD

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, only a verbal agreement was 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 written agreements, signed by both parties, to 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.

A similar finding was noted during the prior audit.

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

Delinquent Real Estate Taxes

On September 28, 2021, the County Treasurer presented the list of unsold taxes to the County Board. After receiving this listing, the County Board did not take action to address the delinquent taxes listed therein.

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

On or before October 1 of each year, the county treasurer shall make a report in writing to the county board setting out a complete list of all real property in the county on which any taxes are delinquent and which was not sold for want of bidders at the last annual tax sale held in such county. It shall be the duty of the county board, at its first meeting held after the making of such report, to carefully examine the same, and while it may direct the issuance of tax sale certificates to the county upon any real property upon which there are any delinquent taxes, it shall, as to all real property upon which taxes are delinquent for three or more years, either enter an order directing the foreclosure of the lien of such taxes as provided in section 77-1901 or enter an order for the county treasurer to issue tax sale certificates to the county covering the delinquent taxes upon such real property, to be foreclosed upon in the manner and at the time provided in sections 77-1901 to 77-1918.

Good internal controls require procedures to ensure that action is taken by the County Board, as required by State statute, to address delinquent taxes remaining uncollected, and such action is documented in the meeting minutes of the County Board.

Without such procedures, there is an increased risk of the County Board failing not only to comply with State statute but also to utilize all available options to collect delinquent taxes.

We recommend the County Board implement procedures to ensure action is taken by the Board to address delinquent taxes remaining uncollected, and such action is documented in the meeting minutes of the County Board.

COUNTY CLERK

Copy Fee Approval

During the fiscal year, the County Clerk collected fees for copies, totaling \$682; however, the fee charged was not approved by the County Board.

Neb. Rev. Stat. § 23-106(1) (Reissue 2022) 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 to be maintained.

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

A similar finding has been noted since the fiscal year 2020 audit.

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

CLERK OF THE DISTRICT COURT

Monthly Report Review

During our audit, we noted that the District Court was not adequately reviewing the Monthly Case Balance Report or the Report of Non-Case Receipts. Specifically, we tested four case balances held by the District Court and found that timely action was not taken to resolve two of those balances, totaling \$5,150.

Additionally, we noted two non-case receipts, totaling \$19, that were neither applied to a case in a timely manner nor otherwise resolved.

Good internal controls and sound business practices require trust case balances and non-case receipts held by the District Court to be reviewed on an ongoing, timely basis to determine what action should be taken to resolve those balances.

Without a regular, detailed review of the Monthly Case Balance Report and the Report of Non-Case Receipts, there is an increased risk of balances either not having proper follow-up action taken timely or having been previously resolved and no longer needing to be reflected as balances in the accounting system.

We recommend the District Court implement an ongoing, timely review of the monthly financial reports, including the Monthly Case Balance Report and the Report of Non-Case Receipts, to ensure the timely resolution of the balances listed therein.

COUNTY OVERALL

Segregation of Duties

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.

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.

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 "Jeff Schreier".

Jeff Schreier, CPA
Audit Manager