

**AUDIT REPORT
OF
DAWES COUNTY**

JULY 1, 2022, THROUGH JUNE 30, 2023

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the Auditor of Public Accounts.**

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Issued on March 25, 2024

DAWES COUNTY

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DAWES COUNTY
451 Main St.
Chadron, NE 69337

LIST OF COUNTY OFFICIALS
At June 30, 2023

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	Jake Stewart	Jan. 2027
	Webb Johnson	Jan. 2025
	Valentin (Vic) Rivera	Jan. 2027
Assessor Planning & Zoning	Roberta Coleman	Jan. 2027
Attorney	Vance Haug	Jan. 2027
Clerk Election Commissioner Register of Deeds	Cheryl Feist	Jan. 2027
Clerk of the District Court	Celeste Cattin	Jan. 2027
Sheriff	Karl Dailey	Jan. 2027
Treasurer	Sam Wellnitz	Jan. 2027
Veterans' Service Officer	Gary Bridges	Appointed
Weed Superintendent	Dan Wordekemper	Appointed
Highway Superintendent	Wade Yada	Appointed
Public Defender	Becca Chasek	Appointed
Tourism Director	Kerri Rempp	Appointed
Emergency Manager	Nan Gould	Appointed



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
State Auditor

Mike.Foley@nebraska.gov

PO Box 98917

State Capitol, Suite 2303

Lincoln, Nebraska 68509

402-471-2111, FAX 402-471-3301

auditors.nebraska.gov

DAWES COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Dawes County, Nebraska

Report on the 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, 2023, 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, 2023, 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, schedule of expenditures of Federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and schedule of taxes certified and collected, pages 18-30, 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 March 20, 2024, 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".

Jeff Schreier, CPA
Audit Manager
Lincoln, Nebraska

March 20, 2024

DAWES COUNTY
STATEMENT OF NET POSITION - CASH BASIS
June 30, 2023

	Governmental Activities
<hr/>	
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 4,476,163
Investments (Note 1.D)	675,252
TOTAL ASSETS	<u>\$ 5,151,415</u>
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 253,366
911 Emergency Services	247,366
Drug Education / Enforcement	21,735
Law Enforcement	8,600
Preservation of Records	23,434
Debt Service	135,911
Federal Relief	542,996
Road/Bridge Maintenance	561,475
Community Development	163,327
Unrestricted	<u>3,193,205</u>
TOTAL NET POSITION	<u>\$ 5,151,415</u>

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, 2023

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	\$ (3,265,920)	\$ 295,301	\$ 60,568	\$ (2,910,051)
Public Safety	(1,573,136)	210,210	34,152	(1,328,774)
Public Works	(2,143,391)	1,967	1,281,653	(859,771)
Health and Sanitation	(24,015)	-	-	(24,015)
Public Assistance	(139,765)	-	-	(139,765)
Culture and Recreation	(252,262)	-	5,249	(247,013)
Debt Payments	(95,465)	-	-	(95,465)
Capital Outlay	(958,204)	-	-	(958,204)
Total Governmental Activities	<u>\$ (8,452,158)</u>	<u>\$ 507,478</u>	<u>\$ 1,381,622</u>	<u>(6,563,058)</u>
General Receipts:				
Taxes:				
Property				4,016,367
Motor Vehicle				256,947
Inheritance				200,513
Lodging				242,228
Other				183,782
Grants and Contributions Not Restricted to				
Specific Programs				1,170,773
Investment Income				83,924
Miscellaneous				82,616
Total General Receipts				<u>6,237,150</u>
Change in Net Position				(325,908)
Net Position - Beginning of year				5,477,323
Net Position - End of year				<u>\$ 5,151,415</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, 2023

	General Fund	Road Fund	Inheritance Fund	COVID American Rescue Plan Fund	Highway Bridge Buyback Fund	Nonmajor Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents (Note 1.D)	\$ 1,131,203	\$ 441,907	\$ 1,418,987	\$ -	\$ 561,475	\$ 922,591	\$ 4,476,163
Investments (Note 1.D)	-	-	132,256	440,015	-	102,981	675,252
TOTAL ASSETS	<u>\$ 1,131,203</u>	<u>\$ 441,907</u>	<u>\$ 1,551,243</u>	<u>\$ 440,015</u>	<u>\$ 561,475</u>	<u>\$ 1,025,572</u>	<u>\$ 5,151,415</u>
FUND BALANCES							
Restricted for:							
Visitor Promotion	-	-	-	-	-	253,366	253,366
911 Emergency Services	-	-	-	-	-	247,366	247,366
Drug Education / Enforcement	-	-	-	-	-	21,735	21,735
Law Enforcement	-	-	-	-	-	8,600	8,600
Preservation of Records	-	-	-	-	-	23,434	23,434
Debt Service	-	-	-	-	-	135,911	135,911
Federal Relief	-	-	-	440,015	-	102,981	542,996
Road/Bridge Maintenance	-	-	-	-	561,475	-	561,475
Community Development	-	-	-	-	-	163,327	163,327
Committed to:							
Road Maintenance	-	441,907	-	-	-	-	441,907
Aid and Assistance	-	-	-	-	-	11,103	11,103
Appraisal of Property	-	-	-	-	-	57,749	57,749
Assigned to:							
Other Purposes	-	-	1,551,243	-	-	-	1,551,243
Unassigned	1,131,203	-	-	-	-	-	1,131,203
TOTAL CASH BASIS FUND BALANCES	<u>\$ 1,131,203</u>	<u>\$ 441,907</u>	<u>\$ 1,551,243</u>	<u>\$ 440,015</u>	<u>\$ 561,475</u>	<u>\$ 1,025,572</u>	<u>\$ 5,151,415</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, 2023

	General Fund	Road Fund	Inheritance Fund	COVID American Rescue Plan Fund	Highway Bridge Buyback Fund	Nonmajor Funds	Total Governmental Funds
RECEIPTS							
Taxes:							
Property	\$3,876,100	\$ -	\$ -	\$ -	\$ -	\$ 140,267	\$ 4,016,367
Motor Vehicle	256,947	-	-	-	-	-	256,947
Inheritance	-	-	200,513	-	-	-	200,513
Lodging	-	-	-	-	-	242,228	242,228
Other	108,551	196	-	-	-	75,035	183,782
Investment Income	83,924	-	-	-	-	-	83,924
Intergovernmental	263,676	1,127,911	-	839,799	153,535	167,474	2,552,395
Charges for Services	500,874	1,967	-	-	-	4,637	507,478
Miscellaneous	60,340	-	-	-	-	22,276	82,616
TOTAL RECEIPTS	5,150,412	1,130,074	200,513	839,799	153,535	651,917	8,126,250
DISBURSEMENTS							
General Government	3,102,848	-	-	1,666	-	161,406	3,265,920
Public Safety	1,484,856	-	5,510	-	-	82,770	1,573,136
Public Works	82,861	2,060,530	-	-	-	-	2,143,391
Health and Sanitation	24,015	-	-	-	-	-	24,015
Public Assistance	110,848	-	-	26,000	-	2,917	139,765
Culture and Recreation	-	-	-	-	-	252,262	252,262
Debt Service:							
Principal Payments	-	-	-	-	-	70,200	70,200
Interest and Fiscal Charges	-	-	-	-	-	25,265	25,265
Capital Outlay	-	-	-	958,204	-	-	958,204
TOTAL DISBURSEMENTS	4,805,428	2,060,530	5,510	985,870	-	594,820	8,452,158
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	344,984	(930,456)	195,003	(146,071)	153,535	57,097	(325,908)
OTHER FINANCING SOURCES (USES)							
Transfers in	65,000	900,000	67,000	-	-	102,466	1,134,466
Transfers out	(726,420)	-	(365,000)	-	-	(43,046)	(1,134,466)
TOTAL OTHER FINANCING SOURCES (USES)	(661,420)	900,000	(298,000)	-	-	59,420	-
Net Change in Fund Balances	(316,436)	(30,456)	(102,997)	(146,071)	153,535	116,517	(325,908)
CASH BASIS FUND BALANCES - BEGINNING							
	1,447,639	472,363	1,654,240	586,086	407,940	909,055	5,477,323
CASH BASIS FUND BALANCES - ENDING							
	<u>\$1,131,203</u>	<u>\$ 441,907</u>	<u>\$1,551,243</u>	<u>\$ 440,015</u>	<u>\$ 561,475</u>	<u>\$1,025,572</u>	<u>\$ 5,151,415</u>

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

DAWES COUNTY
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
FIDUCIARY FUNDS
For the Year Ended June 30, 2023

	Custodial Fund Balances July 1, 2022	Receipts	Disbursements	Custodial Fund Balances June 30, 2023
ASSETS				
Cash and Cash Equivalents	\$ 551,831	\$ 16,470,027	\$ 16,461,057	\$ 560,801
LIABILITIES				
Due to other governments				
State - Collected by County Treasurer	148,802	1,685,616	1,644,296	190,122
State - Collected by Other Offices	5,675	95,780	93,613	7,842
Schools	235,770	10,824,092	10,871,344	188,518
Educational Service Units	2,330	155,868	156,145	2,053
Technical College	15,290	1,017,773	1,019,697	13,366
Natural Resource Districts	2,353	153,857	154,208	2,002
Fire Districts	3,625	268,556	269,266	2,915
Municipalities	35,525	1,666,717	1,669,536	32,706
Agricultural Society	1,692	111,189	111,432	1,449
Solid Waste Agency of NW Nebraska	490	4,571	4,739	322
Others - Collected by County Treasurer	44,557	338,635	303,528	79,664
Others - Collected by Other Offices	55,722	147,373	163,253	39,842
TOTAL LIABILITIES	<u>551,831</u>	<u>16,470,027</u>	<u>16,461,057</u>	<u>560,801</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, 2023

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 \$37,584 toward the operation of the Region during fiscal year 2023. 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 2023. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Supp. 2023). 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.

Highway Bridge Buyback Fund. This fund is used to account for costs associated with the repair and maintenance of roads and bridges in the County and is primarily funded by amounts received from the State of Nebraska through the Federal Funds Purchase Program.

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.

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

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.

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.

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Concluded)

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 \$1,958,210 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.

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 30, 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 \$4,476,163 for County funds and \$560,802 for Fiduciary funds. The bank balances for all funds totaled \$5,033,322. For purposes of classifying categories of custodial credit risk, the bank balances of the County's deposits, as of June 30, 2023, 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 \$675,252 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.

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. Taxes

Property taxes are levied by the County Board on or before October 20 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 2022, for the 2022 taxes, which will be materially collected in May and September 2023, was set at \$.392259/\$100 of assessed valuation. The levy set in October 2021, for the 2021 taxes, which were materially collected in May and September 2022, was set at \$.405543/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

Additionally, there is currently a statutory lid limitation, which limits taxation to the prior year's level, with provisions for growth. The lid may be increased by 1% upon the approval of a three-fourths majority of the County Board.

4. Retirement System

The Retirement System for Nebraska Counties (Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2022, Supp. 2023) 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, 2023, 80 employees contributed \$120,467, and the County contributed \$178,978. Contributions included \$3,444 in cash contributions towards the supplemental law enforcement plan for eight law enforcement employees. Lastly, the County paid \$804 directly to nine retired employees for prior service benefits.

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. **Risk Management**

The County is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association (NIRMA), a public entity risk pool currently operating as a common risk management and insurance program for 107 counties and local governments throughout Nebraska.

The County pays an annual deposit premium, as calculated by the administrator of the pool. The premium is based on the losses and exposures of each County and the entire pool. If the pool becomes insolvent or otherwise unable to discharge its legal liabilities and obligations, the County may be assessed for an additional contribution. Each county remains liable for such assessments, regardless of 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	\$ 500,000	\$ 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, 2023, consisted of the following:

<u>Transfers to</u>	<u>Transfers from</u>			<u>Total</u>
	<u>General Fund</u>	<u>Inheritance Fund</u>	<u>Nonmajor Funds</u>	
Road Fund	\$ 600,000	\$ 300,000	\$ -	\$ 900,000
Inheritance Fund	25,000	-	42,000	67,000
General	-	65,000	-	65,000
Nonmajor Funds	101,420	-	1,046	102,466
Total	<u>\$ 726,420</u>	<u>\$ 365,000</u>	<u>\$ 43,046</u>	<u>\$ 1,134,466</u>

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

In the year ended June 30, 2023, the County made a one-time transfer of \$42,000 from the Dunlap Road Project Fund to the Inheritance Fund to repay the Inheritance Fund for previous bond payments paid from the Inheritance Fund.

DAWES COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

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 bonds. The bond payable balance, as of June 30, 2023, was \$900,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Future tax resources will be used to pay off the bonds.

Future Payments:

Year	Principal	Interest	Total
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	80,000	17,170	97,170
2029-2033	430,000	52,700	482,700
2034	95,000	2,850	97,850
Total Payments	<u>\$ 900,000</u>	<u>\$ 158,322</u>	<u>1,058,322</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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 4,285,364	\$ 4,285,364	\$ 4,241,598	\$ (43,766)
Investment Income	10,030	10,030	83,924	73,894
Intergovernmental	303,000	303,000	263,676	(39,324)
Charges for Services	431,600	431,600	500,874	69,274
Miscellaneous	20,000	20,000	60,340	40,340
TOTAL RECEIPTS	5,049,994	5,049,994	5,150,412	100,418
DISBURSEMENTS				
General Government:				
County Board	115,250	115,250	110,690	4,560
County Clerk	194,944	194,944	169,248	25,696
County Treasurer	220,580	220,580	201,360	19,220
County Assessor	214,126	214,126	202,810	11,316
Election Commissioner	27,223	27,223	18,647	8,576
Building and Zoning	15,305	15,604	15,604	-
Clerk of the District Court	96,139	96,139	93,563	2,576
County Court System	88,600	102,551	102,551	-
District Judge	49,700	62,122	62,122	-
Public Defender	101,129	101,129	98,546	2,583
Building and Grounds	103,305	106,693	106,693	-
Agricultural Extension Agent	95,450	95,450	88,142	7,308
Miscellaneous	1,821,446	1,821,446	1,832,872	(11,426)
Public Safety				
County Sheriff	374,045	374,045	342,665	31,380
County Attorney	185,555	185,555	182,343	3,212
Communication Center	60,550	60,550	46,191	14,359
County Jail	624,551	706,261	706,261	-
Crawford Law Enforcement	163,176	163,176	162,868	308
County Attorney - Child Support	46,748	46,748	44,528	2,220
Public Works				
County Surveyor	25,200	25,200	-	25,200
Noxious Weed Control	226,175	226,175	82,861	143,314
Public Health				
Alcohol and Drug Abuse	15,600	24,015	24,015	-
Public Assistance				
Veterans' Service Officer	97,230	97,230	85,471	11,759
Institutions	30,201	30,201	16,382	13,819
Relief	14,500	14,500	8,995	5,505
TOTAL DISBURSEMENTS	5,006,728	5,126,913	4,805,428	321,485
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	43,266	(76,919)	344,984	421,903

(Continued)

DAWES COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
OTHER FINANCING SOURCES (USES)				
Transfers in	65,000	65,000	65,000	-
Transfers out	(955,905)	(835,720)	(726,420)	109,300
TOTAL OTHER FINANCING SOURCES (USES)	<u>(890,905)</u>	<u>(770,720)</u>	<u>(661,420)</u>	<u>109,300</u>
Net Change in Fund Balance	(847,639)	(847,639)	(316,436)	531,203
FUND BALANCE - BEGINNING	<u>1,447,639</u>	<u>1,447,639</u>	<u>1,447,639</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ 600,000</u></u>	<u><u>\$ 600,000</u></u>	<u><u>\$ 1,131,203</u></u>	<u><u>\$ 531,203</u></u>
				(Concluded)

DAWES COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Taxes	\$ 196	\$ 196	\$ 196	\$ -
Intergovernmental	1,066,860	1,066,860	1,127,911	61,051
Charges for Services	1,500	1,500	1,967	467
TOTAL RECEIPTS	1,068,556	1,068,556	1,130,074	61,518
DISBURSEMENTS	2,394,301	2,394,301	2,060,530	333,771
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,325,745)	(1,325,745)	(930,456)	395,289
OTHER FINANCING SOURCES (USES)				
Transfers in	1,153,382	1,153,382	900,000	(253,382)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	1,153,382	1,153,382	900,000	(253,382)
Net Change in Fund Balance	(172,363)	(172,363)	(30,456)	141,907
FUND BALANCE - BEGINNING	472,363	472,363	472,363	-
FUND BALANCE - ENDING	\$ 300,000	\$ 300,000	\$ 441,907	\$ 141,907
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 75,000	\$ 75,000	\$ 200,513	\$ 125,513
TOTAL RECEIPTS	75,000	75,000	200,513	125,513
DISBURSEMENTS	1,407,343	1,407,343	5,510	1,401,833
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,332,343)	(1,332,343)	195,003	1,527,346
OTHER FINANCING SOURCES (USES)				
Transfers in	93,103	93,103	67,000	(26,103)
Transfers out	(415,000)	(415,000)	(365,000)	50,000
TOTAL OTHER FINANCING SOURCES (USES)	(321,897)	(321,897)	(298,000)	23,897
Net Change in Fund Balance	(1,654,240)	(1,654,240)	(102,997)	1,551,243
FUND BALANCE - BEGINNING	1,654,240	1,654,240	1,654,240	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 1,551,243	\$ 1,551,243

(Continued)

DAWES COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>COVID AMERICAN RESCUE PLAN FUND</u>				
RECEIPTS				
Intergovernmental	\$ 834,156	\$ 834,156	\$ 839,799	\$ 5,643
TOTAL RECEIPTS	834,156	834,156	839,799	5,643
DISBURSEMENTS	1,420,242	1,420,242	985,870	434,372
Net Change in Fund Balance	(586,086)	(586,086)	(146,071)	440,015
FUND BALANCE - BEGINNING	586,086	586,086	586,086	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 440,015</u>	<u>\$ 440,015</u>
<u>HIGHWAY BRIDGE BUYBACK FUND</u>				
RECEIPTS				
Intergovernmental	\$ 144,802	\$ 144,802	\$ 153,535	\$ 8,733
TOTAL RECEIPTS	144,802	144,802	153,535	8,733
DISBURSEMENTS	552,742	552,742	-	552,742
Net Change in Fund Balance	(407,940)	(407,940)	153,535	561,475
FUND BALANCE - BEGINNING	407,940	407,940	407,940	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 561,475</u>	<u>\$ 561,475</u>

(Concluded)

DAWES COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VISITORS PROMOTION FUND				
Receipts	\$ 108,000	\$ 108,000	\$ 133,477	\$ 25,477
Disbursements	(178,563)	(178,563)	(139,173)	39,390
Net Change in Fund Balance	(70,563)	(70,563)	(5,696)	64,867
Fund Balance - Beginning	70,563	70,563	70,563	-
Fund Balance - Ending	\$ -	\$ -	\$ 64,867	\$ 64,867
VISITORS IMPROVEMENT FUND				
Receipts	\$ 105,750	\$ 105,750	\$ 131,718	\$ 25,968
Disbursements	(275,620)	(275,620)	(113,089)	162,531
Net Change in Fund Balance	(169,870)	(169,870)	18,629	188,499
Fund Balance - Beginning	169,870	169,870	169,870	-
Fund Balance - Ending	\$ -	\$ -	\$ 188,499	\$ 188,499
REAPPRAISAL FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(101,800)	(101,800)	(44,051)	57,749
Transfers in	101,420	101,420	101,420	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(380)	(380)	57,369	57,749
Fund Balance - Beginning	380	380	380	-
Fund Balance - Ending	\$ -	\$ -	\$ 57,749	\$ 57,749
PRESERVATION & MODERNIZATION FUND				
Receipts	\$ 4,000	\$ 4,000	\$ 4,637	\$ 637
Disbursements	(23,070)	(23,070)	(273)	22,797
Net Change in Fund Balance	(19,070)	(19,070)	4,364	23,434
Fund Balance - Beginning	19,070	19,070	19,070	-
Fund Balance - Ending	\$ -	\$ -	\$ 23,434	\$ 23,434
VETERANS' AID FUND				
Receipts	\$ -	\$ -	\$ 16	\$ 16
Disbursements	(14,004)	(14,004)	(2,917)	11,087
Net Change in Fund Balance	(14,004)	(14,004)	(2,901)	11,103
Fund Balance - Beginning	14,004	14,004	14,004	-
Fund Balance - Ending	\$ -	\$ -	\$ 11,103	\$ 11,103

(Continued)

DAWES COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
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	\$ 30,295	\$ 30,295	\$ 34,152	\$ 3,857
Disbursements	(38,895)	(38,895)	(34,152)	4,743
Net Change in Fund Balance	(8,600)	(8,600)	-	8,600
Fund Balance - Beginning	8,600	8,600	8,600	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,600</u>	<u>\$ 8,600</u>
CDBG GRANT FUND				
Receipts	\$ 110,000	\$ 110,000	\$ 16,675	\$ (93,325)
Disbursements	(373,734)	(373,734)	(117,082)	256,652
Net Change in Fund Balance	(263,734)	(263,734)	(100,407)	163,327
Fund Balance - Beginning	263,734	263,734	263,734	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 163,327</u>	<u>\$ 163,327</u>
EMERGENCY 911 SERVICE FUND				
Receipts	\$ 20,000	\$ 20,000	\$ 17,809	\$ (2,191)
Disbursements	(68,906)	(68,906)	(38,579)	30,327
Transfers in	-	-	-	-
Transfers out	-	-	(1,046)	(1,046)
Net Change in Fund Balance	(48,906)	(48,906)	(21,816)	27,090
Fund Balance - Beginning	48,906	48,906	48,906	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,090</u>	<u>\$ 27,090</u>
911 WIRELESS SERVICE FUND				
Receipts	\$ 53,000	\$ 53,000	\$ 55,115	\$ 2,115
Disbursements	(228,390)	(228,390)	(10,039)	218,351
Transfers in	1,236	1,236	1,046	(190)
Transfers out	-	-	-	-
Net Change in Fund Balance	(174,154)	(174,154)	46,122	220,276
Fund Balance - Beginning	174,154	174,154	174,154	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220,276</u>	<u>\$ 220,276</u>

(Continued)

DAWES COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DUNLAP ROAD PROJECT FUND				
Receipts	\$ 124,564	\$ 124,564	\$ 143,090	\$ 18,526
Disbursements	(97,850)	(97,850)	(95,465)	2,385
Transfers in	-	-	-	-
Transfers out	(42,000)	(42,000)	(42,000)	-
Net Change in Fund Balance	(15,286)	(15,286)	5,625	20,911
Fund Balance - Beginning	130,286	130,286	130,286	-
Fund Balance - Ending	<u>\$ 115,000</u>	<u>\$ 115,000</u>	<u>\$ 135,911</u>	<u>\$ 20,911</u>
OPIOID RECOVERY FUND				
Receipts	\$ -	\$ -	\$ 12,247	\$ 12,247
Disbursements	-	-	-	-
Net Change in Fund Balance	-	-	12,247	12,247
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,247</u>	<u>\$ 12,247</u>
LOCAL ASSISTANCE & TRIBAL CONSISTENCY FUND				
Receipts	\$ -	\$ -	\$ 102,981	\$ 102,981
Disbursements	-	-	-	-
Net Change in Fund Balance	-	-	102,981	102,981
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,981</u>	<u>\$ 102,981</u>

(Concluded)

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

For the Year Ended June 30, 2023

	Visitors Promotion Fund	Visitors Improvement Fund	Reappraisal Fund	Preservation & Modernization Fund
RECEIPTS				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Lodging	121,114	121,114	-	-
Other	-	-	-	-
Intergovernmental	2,334	10,604	-	-
Charges for Services	-	-	-	4,637
Miscellaneous	10,029	-	-	-
TOTAL RECEIPTS	133,477	131,718	-	4,637
DISBURSEMENTS				
General Government	-	-	44,051	273
Public Safety	-	-	-	-
Public Assistance	-	-	-	-
Culture and Recreation	139,173	113,089	-	-
Debt Service:				
Principal Payments	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
TOTAL DISBURSEMENTS	139,173	113,089	44,051	273
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,696)	18,629	(44,051)	4,364
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	101,420	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	101,420	-
Net Change in Fund Balances	(5,696)	18,629	57,369	4,364
FUND BALANCES - BEGINNING	70,563	169,870	380	19,070
FUND BALANCES - ENDING	\$ 64,867	\$ 188,499	\$ 57,749	\$ 23,434
FUND BALANCES:				
Restricted for:				
Visitor Promotion	64,867	188,499	-	-
911 Emergency Services	-	-	-	-
Drug Education / Enforcement	-	-	-	-
Law Enforcement	-	-	-	-
Preservation of Records	-	-	-	23,434
Debt Service	-	-	-	-
Federal Relief	-	-	-	-
Community Development	-	-	-	-
Committed to:				
Aid and Assistance	-	-	-	-
Appraisal of Property	-	-	57,749	-
TOTAL FUND BALANCES	\$ 64,867	\$ 188,499	\$ 57,749	\$ 23,434

(Continued)

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

For the Year Ended June 30, 2023

	Veterans' Aid Fund	Drug Law Enforcement & Education Fund	Grant Fund	CDBG Grant Fund	Emergency 911 Service Fund
RECEIPTS					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Lodging	-	-	-	-	-
Other	16	-	-	-	17,809
Intergovernmental	-	-	34,152	16,675	-
Charges for Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
TOTAL RECEIPTS	<u>16</u>	<u>-</u>	<u>34,152</u>	<u>16,675</u>	<u>17,809</u>
DISBURSEMENTS					
General Government	-	-	-	117,082	-
Public Safety	-	-	34,152	-	38,579
Public Assistance	2,917	-	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>2,917</u>	<u>-</u>	<u>34,152</u>	<u>117,082</u>	<u>38,579</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(2,901)</u>	<u>-</u>	<u>-</u>	<u>(100,407)</u>	<u>(20,770)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(1,046)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,046)</u>
Net Change in Fund Balances	(2,901)	-	-	(100,407)	(21,816)
FUND BALANCES - BEGINNING	<u>14,004</u>	<u>9,488</u>	<u>8,600</u>	<u>263,734</u>	<u>48,906</u>
FUND BALANCES - ENDING	<u>\$ 11,103</u>	<u>\$ 9,488</u>	<u>\$ 8,600</u>	<u>\$ 163,327</u>	<u>\$ 27,090</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	-	-	-	-	27,090
Drug Education / Enforcement	-	9,488	-	-	-
Law Enforcement	-	-	8,600	-	-
Preservation of Records	-	-	-	-	-
Debt Service	-	-	-	-	-
Federal Relief	-	-	-	-	-
Community Development	-	-	-	163,327	-
Committed to:					
Aid and Assistance	11,103	-	-	-	-
Appraisal of Property	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 11,103</u>	<u>\$ 9,488</u>	<u>\$ 8,600</u>	<u>\$ 163,327</u>	<u>\$ 27,090</u>

(Continued)

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

For the Year Ended June 30, 2023

	911 Wireless Service Fund	Dunlap Road Project Fund	Opioid Recovery Fund	Local Assistance & Tribal Consistency Fund	Total Nonmajor Funds
RECEIPTS					
Taxes:					
Property	\$ -	\$ 140,267	\$ -	\$ -	\$ 140,267
Lodging	-	-	-	-	242,228
Other	55,115	2,095	-	-	75,035
Intergovernmental	-	728	-	102,981	167,474
Charges for Services	-	-	-	-	4,637
Miscellaneous	-	-	12,247	-	22,276
TOTAL RECEIPTS	55,115	143,090	12,247	102,981	651,917
DISBURSEMENTS					
General Government	-	-	-	-	161,406
Public Safety	10,039	-	-	-	82,770
Public Assistance	-	-	-	-	2,917
Culture and Recreation	-	-	-	-	252,262
Debt Service:					
Principal Payments	-	70,200	-	-	70,200
Interest and Fiscal Charges	-	25,265	-	-	25,265
TOTAL DISBURSEMENTS	10,039	95,465	-	-	594,820
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	45,076	47,625	12,247	102,981	57,097
OTHER FINANCING SOURCES (USES)					
Transfers in	1,046	-	-	-	102,466
Transfers out	-	(42,000)	-	-	(43,046)
TOTAL OTHER FINANCING SOURCES (USES)	1,046	(42,000)	-	-	59,420
Net Change in Fund Balances	46,122	5,625	12,247	102,981	116,517
FUND BALANCES - BEGINNING	174,154	130,286	-	-	909,055
FUND BALANCES - ENDING	\$ 220,276	\$ 135,911	\$ 12,247	\$ 102,981	\$1,025,572
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	253,366
911 Emergency Services	220,276	-	-	-	247,366
Drug Education / Enforcement	-	-	12,247	-	21,735
Law Enforcement	-	-	-	-	8,600
Preservation of Records	-	-	-	-	23,434
Debt Service	-	135,911	-	-	135,911
Federal Relief	-	-	-	102,981	102,981
Community Development	-	-	-	-	163,327
Committed to:					
Aid and Assistance	-	-	-	-	11,103
Appraisal of Property	-	-	-	-	57,749
TOTAL FUND BALANCES	\$ 220,276	\$ 135,911	\$ 12,247	\$ 102,981	\$1,025,572

(Concluded)

DAWES COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2023

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Veterans' Service Officer	Employee Cafeteria Plan	Total
BALANCES JULY 1, 2022	\$ 9,715	\$ 57,271	\$ 5,810	\$ -	\$ 5,148	\$ 19,451	\$ 97,395
RECEIPTS							
Charges for Services	59,050	13,513	25,860	-	-	-	98,423
Miscellaneous	-	-	-	-	2,917	11,208	14,125
State Fees	88,593	7,187	-	-	-	-	95,780
Other Liabilities	-	131,599	8,769	7,005	-	-	147,373
TOTAL RECEIPTS	147,643	152,299	34,629	7,005	2,917	11,208	355,701
DISBURSEMENTS							
Payments to County Treasurer	58,176	14,000	22,883	-	-	-	95,059
Payments to State Treasurer	85,595	8,018	-	-	-	-	93,613
Petty Cash & Other Payments	-	-	-	-	3,627	19,294	22,921
Other Liabilities	-	146,248	10,000	7,005	-	-	163,253
TOTAL DISBURSEMENTS	143,771	168,266	32,883	7,005	3,627	19,294	374,846
BALANCES JUNE 30, 2023	\$ 13,587	\$ 41,304	\$ 7,556	\$ -	\$ 4,438	\$ 11,365	\$ 78,250
BALANCES CONSIST OF:							
Due to County Treasurer	\$ 5,617	\$ 1,771	\$ 7,175	\$ -	\$ 4,438	\$ 11,365	\$ 30,366
Petty Cash	200	-	-	-	-	-	200
Due to State Treasurer	7,770	72	-	-	-	-	7,842
Due to Others	-	39,461	381	-	-	-	39,842
BALANCES JUNE 30, 2023	\$ 13,587	\$ 41,304	\$ 7,556	\$ -	\$ 4,438	\$ 11,365	\$ 78,250

DAWES COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2023

Item	2018	2019	2020	2021	2022
Tax Certified by Assessor					
Real Estate	\$ 12,403,371	\$ 12,837,410	\$ 13,268,703	\$ 13,368,849	\$ 13,920,911
Personal and Specials	1,675,281	1,752,025	1,941,126	2,096,649	2,214,838
Total	<u>14,078,652</u>	<u>14,589,435</u>	<u>15,209,829</u>	<u>15,465,498</u>	<u>16,135,749</u>
Corrections					
Additions	10,809	10,891	5,677	7,003	687
Deductions	<u>(35,069)</u>	<u>(22,602)</u>	<u>(5,734)</u>	<u>(15,350)</u>	<u>(27,708)</u>
Net Additions/ (Deductions)	<u>(24,260)</u>	<u>(11,711)</u>	<u>(57)</u>	<u>(8,347)</u>	<u>(27,021)</u>
Corrected Certified Tax	<u>14,054,392</u>	<u>14,577,724</u>	<u>15,209,772</u>	<u>15,457,151</u>	<u>16,108,728</u>
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2019	8,220,538	-	-	-	-
June 30, 2020	5,815,034	8,548,977	-	-	-
June 30, 2021	8,044	5,994,699	9,024,305	-	-
June 30, 2022	7,253	29,159	6,171,176	9,463,339	-
June 30, 2023	<u>383</u>	<u>1,541</u>	<u>7,291</u>	<u>5,980,172</u>	<u>9,672,408</u>
Total Net Collections	<u>14,051,252</u>	<u>14,574,376</u>	<u>15,202,772</u>	<u>15,443,511</u>	<u>9,672,408</u>
Total Uncollected Tax	<u>\$ 3,140</u>	<u>\$ 3,348</u>	<u>\$ 7,000</u>	<u>\$ 13,640</u>	<u>\$ 6,436,320</u>
Percentage Uncollected Tax	<u>0.02%</u>	<u>0.02%</u>	<u>0.05%</u>	<u>0.09%</u>	<u>39.96%</u>

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

DAWES COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Entity Identifying Number	Total Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Nebraska Department of Health and Human Services			
		51298 Y3	
Child Support Enforcement	93.563	51261 Y3	\$ 64,778
Total U.S. Department of Health and Human Services			64,778
DEPARTMENT OF AGRICULTURE			
Cooperative Fire Protection Agreement	10.703	N/A	16,309
Passed through Nebraska Department of Education			
Forest Service Schools and Roads Cluster			
Schools and Roads - Grants to Counties	10.666	Not Available	38,318
Total - Forest Service Schools and Roads Cluster			38,318
Total U.S. Department of Agriculture			54,627
DEPARTMENT OF THE TREASURY			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	* 985,870
Total U.S. Department of the Treasury			985,870
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,105,275

* Represents Major Program

See accompanying Notes to the Schedule of Expenditures of Federal Awards

DAWES COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of Federal awards (Schedule) includes the federal award activity of Dawes County (County) under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Dawes County, it is not intended to and does not present the financial position or changes in net assets of the County. The County's reporting entity is defined in Note 1.A. to the County's financial statements. Federal awards received directly from Federal agencies, as well as those passed through other government agencies, are included in the Schedule. Unless otherwise noted on the Schedule, all programs are received directly from the respective Federal agency.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Dawes County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
State Auditor

Mike.Foley@nebraska.gov

PO Box 98917

State Capitol, Suite 2303

Lincoln, Nebraska 68509

402-471-2111, FAX 402-471-3301

auditors.nebraska.gov

DAWES COUNTY

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

Board of Commissioners
Dawes County, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dawes County, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 20, 2024. 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.

County Response: The County has discussed the finding, but must consider the cost of adequate segregation of duties when determining the use of tax money. The County Board will recommend that each office in the County implement a segregation of duties as much as possible, given the available resources. Four employees in one office and five in the other should allow for enough employees to achieve an adequate segregation of duties. Offices with smaller numbers shall design a sheet that is signed in and out when funds are handled outside the County Office. This document would show tracking for dates and time funding was handled for audit documentation.

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 March 20, 2024.

Dawes County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the finding identified in our audit and described previously. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



Jeff Schreier, CPA
Audit Manager
Lincoln, Nebraska

March 20, 2024



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
State Auditor

Mike.Foley@nebraska.gov

PO Box 98917

State Capitol, Suite 2303

Lincoln, Nebraska 68509

402-471-2111, FAX 402-471-3301

auditors.nebraska.gov

DAWES COUNTY INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
Dawes County, Nebraska

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Dawes County's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Dawes County's major Federal programs for the year ended June 30, 2023. Dawes County's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Dawes County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Dawes County and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major Federal program. Our audit does not provide a legal determination of Dawes County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Dawes County's Federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Dawes County's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Dawes County's compliance with the requirements of each major Federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Dawes County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Dawes County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Dawes County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as Finding # 2023-002. Our opinion on each major Federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Dawes County's response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. Dawes County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Dawes County is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Dawes County's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Finding # 2023-002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Dawes County's response to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. Dawes County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Dawes County is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Dawes County's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Jeff Schreier, CPA
Audit Manager
Lincoln, Nebraska

March 20, 2024

DAWES COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with cash basis of accounting:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

___ Yes X No

Significant deficiencies identified?

X Yes ___ None Reported

Noncompliance material to financial statements noted?

___ Yes X No

Federal Awards

Internal control over major programs:

Material weaknesses identified?

___ Yes X No

Significant deficiencies identified?

X Yes ___ None Reported

Type of auditor’s report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

X Yes ___ No

Major programs: **COVID-19 – Coronavirus State and Local Fiscal Recovery Funds: AL #21.027**

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

___ Yes X No

DAWES COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II – Financial Statement Findings

Finding # 2023-001

Condition: There is a lack of segregation of accounting functions among various County offices and personnel. This is a continuing item from the prior year.

Criteria: Authorization or approval of transactions, recording of transactions, and custody of assets should normally be segregated from each other.

Context: Various County offices collect money; most of those offices employ one or two individuals. The offices remit the money to the County Treasurer.

Effect: This lack of segregation of duties results in an inadequate overall internal control structure design.

Cause: The County does not employ sufficient office personnel to properly segregate accounting functions.

Recommendation: The County should be aware of the inherent risks associated with improper segregation of accounting functions. The County should also develop mitigating controls to reduce the risk of errors or fraud associated with the improper segregation of accounting functions.

View of Officials: The County has discussed the finding, but must consider the cost of adequate segregation of duties when determining the use of tax money. The County Board will recommend that each office in the County implement a segregation of duties as much as possible, given available resources. Four employees in one office and five in the other should allow for enough employees to achieve an adequate segregation of duties. Offices with smaller numbers shall design a sheet that is signed in and out when funds are handled outside the County Office. This document would show tracking for dates and time funding was handled for audit documentation.

Section III – Federal Award Findings and Questioned Costs

Finding # 2023-002

Program: AL 21.027 – COVID-19 – Coronavirus State and Local Fiscal Recovery Funds – Suspension & Debarment

Grant Number & Year: SLFRP4397, March 3, 2021, through December 31, 2024

Federal Grantor Agency: U.S. Department of the Treasury

Criteria: Title 2 of the U.S. Code of Federal Regulations (CFR) § 200.303 (January 1, 2023) states the following, in relevant part:

The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

DAWES COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Continued)

2 CFR § 200.214 (January 1, 2023) states the following:

Non-Federal entities are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. The regulations in 2 CFR part 180 restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

The U.S. Department of the Treasury adopted the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in 2 CFR § 1000.10 (January 1, 2023), which states the following:

Except for the deviations set forth elsewhere in this Part, the Department of the Treasury adopts the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, set forth at 2 CFR part 200.

2 CFR § 180.300 (January 1, 2023) requires non-Federal entities to verify that an entity is not excluded or disqualified prior to entering into a covered transaction by “(a) Checking SAM Exclusions; or (b) Collecting a certification from that . . . [entity]; or (c) Adding a clause or condition to the covered transaction with that . . . [entity].”

A good internal control plan requires the County to have proper procedures in place to verify that contractors paid with Federal funds are not suspended, debarred, or otherwise excluded from or ineligible for participation in Federal programs or activities.

Condition: Dawes County could not provide documentation to support that the County implemented effective internal controls to ensure that suspension and debarment requirements were followed and adequately documented.

We noted the County used Coronavirus State and Local Fiscal Recovery Funds to pay eight vendors over \$25,000 each, totaling \$962,435, during the fiscal year ended June 30, 2023. The County failed to ensure that these vendors were not excluded or disqualified prior to entering into these covered transactions.

We reviewed SAM.gov, and noted that none of these vendors were suspended, debarred, or otherwise excluded from participation in Federal programs or activities as of the date testing was performed.

Repeat Finding: No

Questioned Costs: None

Statistical Sample: No

Context: The following table provides details of the covered transactions noted:

VENDOR	AMOUNT
ACTION COMMUNICATIONS INC	\$ 96,992
CHADRON COMMUNITY FOUNDATION	26,000
CHADRON GLASS & WINDOWS	32,850
EAGLE CHEVROLET BUICK & PONTIAC	47,995
MOBIUS COMMUNICATIONS	243,750
MOTOROLA SOLUTIONS	122,098
MURPHY TRACTOR & EQUIPMENT	267,750
TITAN MACHINERY	125,000
TOTAL	\$ 962,435

DAWES COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Concluded)

Cause: Lack of procedures and knowledge regarding suspension and debarment requirements.

Effect: Without adequate procedures to ensure contractors are not suspended, debarred, or otherwise excluded from or ineligible for participation in Federal programs or activities, there is an increased risk for the misuse of Federal funds and noncompliance with Federal regulations, leading to possible Federal sanctions.

Recommendation: We recommend the County implement procedures to ensure, prior to entering into a covered transaction, that a contractor is not suspended, debarred, or otherwise excluded from or ineligible for participation in Federal programs or activities, and those procedures are adequately documented.

View of Officials: Dawes County Board of Commissioners will work closely with our new ARPA Funding Coordinator to ensure we do the background check for contractors receiving federal funds. Dawes County will also use our newly contracted firm to check on regulations for the program with SAM.gov and other resources provided by the federal government. Mark DeDiana with Core CPAs out of Hastings, Nebraska will be our new contact to ensure federal guidelines are achieved.

Dawes County Commissioners

451 MAIN STREET

CHADRON, NEBRASKA 69337

Phone (308) 432-0102

FAX (308) 432-5179

CORRECTIVE ACTION PLAN

Year Ended June 30, 2023

The corrective action plan for the findings included in the Schedule of Findings and Questioned Costs are summarized as follows:

I. Findings Related to the Financial Statements

Finding 2023-001: Segregation of Duties

Corrective Action Planned:

The County has discussed the finding, but must consider the cost of adequate segregation of duties when determining the use of tax money. The County Board will recommend that each office in the County implement a segregation of duties as much as possible, given available resources. Four employees in one office and five in the other should allow for enough employees to achieve an adequate segregation of duties. Offices with smaller numbers shall design a sheet that is signed in and out when funds are handled outside the County Office. This document would show tracking for dates and time funding was handled for audit documentation.

Anticipated Completion Date:

Ongoing

Responsible Party:

County Board (Webb Johnson, Jake Stewart, Vic Rivera)

Each elected official responsible for their respective office:

- County Treasurer – Sam Wellnitz
- County Clerk – Cheryl Feist
- County Assessor – Roberta Coleman
- County Attorney – Vance Haug
- Clerk of the District Court – Celeste Cattin
- County Sheriff – Jeff Johns

II. Findings Related to Federal Awards

Finding 2023-002:

Program:

AL 21.027 – COVID-19 – Coronavirus State and Local Fiscal Recovery Funds – Suspension and Debarment

Corrective Action Planned:

Dawes County Board of Commissioners will work closely with our new ARPA Funding Coordinator to ensure we do the back ground check for contractors receiving federal funds. Dawes County will also use our newly contracted firm to check on regulations for the program with SAM.gov and other resources provided by the federal government.

Mark DeDiana with Core CPAs out of Hastings, Nebraska will be our new contact to ensure federal guidelines are achieved.

Anticipated Completion Date:

Immediate

Responsible Party:

County Board (Webb Johnson, Jake Stewart, Vic Rivera)
Jenny Van Vleet, ARPA Funding Coordinator.



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
State Auditor

Mike.Foley@nebraska.gov

PO Box 98917

State Capitol, Suite 2303

Lincoln, Nebraska 68509

402-471-2111, FAX 402-471-3301

auditors.nebraska.gov

March 20, 2024

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, 2023, and have issued our report thereon dated March 20, 2024. 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

Daily Balance Sheet and Accounting System Variances

During the audit, we noted the total fund balance recorded in the County Treasurer's accounting system was understated by \$3,989 at June 30, 2023, compared to the actual money in his custody as listed on the Daily Balance Sheet (DBS). Specifically, we noted the following errors:

- The County Treasurer paid \$1,097 to the State for 1957 In-Lieu taxes in May 2023. This payment was recorded on the DBS, but no disbursement was recorded in the accounting system. As a result, the accounting system was overstated by the same amount at June 30, 2023.
- In January 2022, the County Treasurer incorrectly recorded a \$1,682 journal entry as a transfer into the Tentative Inheritance Tax Holding Fund instead of as a transfer out. As a result, the Tentative Inheritance Tax Holding Fund was overstated by \$3,364. This was corrected by the County Treasurer in April 2022.

However, in March 2023, the County Treasurer recorded another journal entry in the accounting system for the error that was already corrected in April 2022. This journal entry was not recorded on the DBS, resulting in the accounting system being understated by \$3,364 at June 30, 2023.

- The County Treasurer was unable to provide any explanation for the remaining variance of \$1,722 between the accounting system and the DBS at June 30, 2023.

Good internal controls and sound accounting practices require procedures to ensure the total fund balance in the accounting system agrees to the total money in the County Treasurer's custody, as identified on the DBS, and any variances noted are resolved in a timely manner.

Without such procedures, there is an increased risk for not only loss, theft, or misuse of funds but also material financial statement misstatements.

A similar issue was noted during the prior audit.

We recommend the County Treasurer implement procedures to ensure the total fund balance in the accounting system agrees to the total money in the County Treasurer's custody, as identified on the DBS, and any variances noted are resolved in a timely manner.

Fund and Bank Account Balances Do Not Agree

The County Treasurer opened two bank accounts with Nebraska Public Agency Investment Trust (NPAIT) dedicated towards specifically holding funds for the Local Assistance & Tribal Consistency Fund and the COVID American Rescue Plan Fund. However, the County Treasurer was not reconciling the fund balances to the bank balances for these accounts. The following table details the variances identified as of June 30, 2023:

Fund Name	Fund Balance	Bank Balance	Variance
Local Assistance and Tribal Consistency Fund	\$ 102,981	\$ 103,767	\$ 786
COVID American Rescue Plan Fund	\$ 440,015	\$ 463,527	\$ 23,512

These variances are due to the County Treasurer properly recording interest earned on these accounts to the General Fund but not transferring the interest earned out of these bank accounts to one of the County Treasurer's pooled bank accounts.

Additionally, interest earned during March 2023 through May 2023 for both accounts was recorded to their respective funds using a Federal revenue account code instead of the proper revenue code for interest on investments. Interest earned during this period totaled \$1,258 for the Local Assistance and Tribal Consistency Fund and \$5,642 for the COVID American Rescue Plan Fund.

Good internal controls and sound accounting practices require procedures to ensure bank balances agree to fund balances for any bank accounts dedicated towards holding money for a specific fund, and all interest earned is coded to the correct account code in the accounting system.

Without such procedures, there is an increased risk for not only loss or misuse of County funds but also material financial statement misstatements.

We recommend the County Treasurer implement procedures to ensure bank balances agree to fund balances for any bank accounts dedicated towards holding money for a specific fund, and all interest earned is coded to the correct account code in the accounting system.

Coding Errors

During the audit, we noted numerous issues with how the County Treasurer recorded transactions in the accounting records. Specifically, we noted the following:

- When moving money from the Tentative Inheritance Tax Holding Fund to the County Inheritance Fund, the County Treasurer used the Interfund-Transfer account code 590.02 instead of using the Inheritance Tax account code 310.01. The County Treasurer should have reversed the original receipt in the Tentative Inheritance Tax Fund and recorded the receipt in the Inheritance Fund. As a result, \$41,592 of receipt activity was duplicated in the accounting records.
- The County Treasurer recorded receipts during the fiscal year, totaling \$324,248 for 5% Gross In-Lieu and \$13,158 for 1957 In-Lieu, to holding funds when the payments were initially received. However, when the County Treasurer distributed the money to the appropriate subdivision funds, these transactions were recorded using the Interfund-Transfer account code 590.02 instead of reversing the original receipts in the holding funds and recording the receipt to the appropriate subdivision funds. As a result, duplicate receipts were recorded in the accounting system.
- The County Treasurer recorded disbursements during the fiscal year, totaling \$60,544, out of the Partial Payment Holding Fund when money was distributed to the appropriate subdivision funds. Instead of recording a disbursement, the County Treasurer should have reversed the original receipt in the Partial Payment Holding Fund to ensure the financial records did not include duplicated receipt activity and disbursement activity that was not true disbursements of the County.

- The County Treasurer receipted \$1,342 of E911 Surcharges to the 911 Wireless Service Fund instead of the Emergency 911 Service Fund during the fiscal year.

Good internal controls and sound accounting practices require procedures to ensure financial transactions are properly recorded in the accounting records of the County.

Without such procedures, there is an increased risk for material financial misstatements to occur and remain undetected.

We recommend the County Treasurer implement procedures to ensure financial transactions are properly recorded in the accounting records of the County.

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 reconciling items noted during bank reconciliations were corrected in a timely manner. Specifically, we noted the following:

First National Bank Checking Account

The County Treasurer uses a DBS to record activity in the bank accounts. As of June 30, 2023, the following reconciling items were identified between the DBS and the bank balance, requiring corrective action by the County Treasurer. However, no such corrective action was taken by the County Treasurer. Similar items were noted in prior year audits. 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	(723)
Net Reconciling Items	\$ (121)

First National Bank Credit Card Account

Similarly, the County Treasurer also failed to perform complete and accurate reconciliations of the First National Bank Credit Card account. As of June 30, 2023, the reconciled bank balance was \$21,696; however, the DBS balance was \$19,756. The County Treasurer was unable to identify the cause of the \$1,940 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.

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 complete bank reconciliations are prepared on at least a monthly basis, and any errors or reconciling items are identified and corrected in a timely manner.

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

We recommend the County Treasurer implement procedures to ensure complete bank reconciliations are prepared on at least a monthly basis, and any errors or reconciling items are identified and corrected in a timely manner.

Inheritance Tax Penalty Not Charged

During testing, we noted the County Treasurer collected inheritance taxes, totaling \$32,119, for two probate cases delinquent filed with the County Court; however, penalties were not assessed as required by Neb. Rev. Stat. § 77-2010 (Reissue 2018). That statute provides, in relevant part, the following:

In addition, for failure to file an appropriate proceeding for the determination of the tax within twelve months after the date of the death of the decedent there shall be added to the amount due a penalty of five percent per month or fraction thereof, up to a maximum penalty of twenty-five percent of the unpaid taxes due.

These two probate cases were filed 19 months and 27 months after the date of the death. Therefore, the County Treasurer should have assessed the maximum twenty-five percent penalty for these cases. Consequently, the County did not receive \$8,030 to which it was entitled.

Good internal controls and sound business practices require procedures to ensure penalties are properly assessed, as required by State law.

Without such procedures, there is an increased risk of not only the County not receiving all funding to which it is entitled but also noncompliance with State statute.

We recommend the County Treasurer implement procedures to ensure penalties are assessed, as required by State law.

5% Gross In-Lieu Distribution Errors

During testing, we noted the County Treasurer's March 2023 distribution of 5% Gross In-Lieu taxes, totaling \$324,248, was not properly distributed. The errors were a result of the County Treasurer omitting Crawford Public Schools from the distribution calculation for the Village of Whitney. The Village of Whitney includes both Chadron Public Schools and Crawford Public Schools; however, only Chadron Public Schools was included in the calculation. The following table details the over- and underpayments noted:

Entity	Over/(Under) Payment
Dawes County	\$ 291
Chadron Public Schools	\$ 764
Crawford Public Schools	\$ (1,142)
Village of Whitney	\$ 87

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.

Good internal controls and sound accounting practices require procedures to ensure the calculation of 5% Gross In-Lieu taxes distributions includes all school districts located within each city or village.

Without such procedures, there is an increased risk for not only political subdivisions not receiving the appropriate amount of funding but also noncompliance with State statute.

We recommend the County Treasurer implement procedures to ensure the distribution calculation for 5% Gross In-Lieu taxes includes all school districts located within each city or village.

Overload Fine Distribution Errors

The County Treasurer received overload fines, totaling \$2,875, from the County Court during the fiscal year. All overload fines received were remitted to the State of Nebraska rather than being split 75% to the State and 25% to the County, as required by Article VII, § 5, of the Nebraska Constitution. Consequently, the County did not receive \$719 to which it was entitled.

Article VII, § 5(1), of the Nebraska State Constitution provides the following:

All such fines, penalties, and license money shall be appropriated exclusively to the use and support of the common schools in the respective subdivisions where the same may accrue, except that all fines and penalties for violation of laws prohibiting the overloading of vehicles used upon the public roads and highways shall be placed as follows: Seventy-five per cent in a fund for state highways and twenty-five per cent to the county general fund where the fine or penalty is paid.

(Emphasis added.) Good internal controls and sound business practices require procedures to ensure overload fines are distributed in accordance with the Nebraska Constitution.

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

We recommend the County Treasurer implement procedures to ensure overload fines are distributed in accordance with the Nebraska Constitution.

Prior Year Motor Vehicle Pro-Rate Errors Not Corrected

During audits for the fiscal years ending June 30, 2019, and June 30, 2021, we noted errors in the County Treasurer's distribution of Motor Vehicle Pro-Rate. As of June 30, 2023, the County Treasurer had still not corrected these prior errors.

The following table identifies the over- and underpayments noted that continue to require correction:

Subdivision	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.

Good internal controls and sound business practices require procedures to ensure that errors identified in the County Treasurer's distribution of Motor Vehicle Pro-Rate 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.

We recommend the County Treasurer correct the erroneous distributions noted.

Cash Items

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

As of June 30, 2023, we noted the County Treasurer was carrying a \$215 cash item that had not been followed-up on timely to resolve the amount still owed. This cash item was originally added to the DBS in July 2021. As of audit fieldwork completed in February 2024, this cash item had still not been resolved.

Good internal controls and sound business practices require procedures for reviewing 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 issue was noted during the prior audit.

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

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 of public funds, but also noncompliance with State statute.

A similar issue was noted during the prior audit.

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

County Treasurer Response: Our office has continued to work diligently to complete reconciliations, as that has been our number one priority, besides our day-to-day operations. These reconciliations were very behind, when I took office, and have been our biggest issue since. We have nearly completed these reconciliations and should have the final updates and corrections made very soon.

We continue to update procedures where needed, in hope to improve and prevent future errors and to make our office as efficient as possible.

Staff shortages have continued to put a strain on these and other day-to-day activities, but we continue to work hard to meet the standards required by State Statute, and to try to exceed the expectations of the constituents of Dawes County.

COUNTY CLERK OF THE DISTRICT COURT

Bond Forfeiture Coding

During our audit, we noted bond forfeitures, totaling \$762, were remitted to the County General Fund rather than being distributed to the County schools, as required by the Nebraska Constitution.

The following table identifies the amount that each school district should have received had this money been properly distributed:

School	Amount
Hemingford Public Schools	\$ 21
Chadron Public Schools	608
Crawford Public Schools	128
Hay Springs Public Schools	5
Total	\$ 762

Article VII, § 5(1), of the Nebraska Constitution provides, in relevant part, the following:

Except as provided in subsections (2) and (3) of this section, all fines, penalties, and license money arising under the general laws of the state, except fines and penalties for violation of laws prohibiting the overloading of vehicles used upon the public roads and highways of this state, shall belong and be paid over to the counties respectively where the same may be levied or imposed, and all fines, penalties, and license money arising under the rules, bylaws, or ordinances of cities, villages, precincts, or other municipal subdivision less than a county shall belong and be paid over to the same respectively. All such fines, penalties, and license money shall be appropriated exclusively to the use and support of the common schools in the respective subdivisions where the same may accrue, except that all fines and penalties for violation of laws prohibiting the overloading of vehicles used upon the public roads and highways shall be placed as follows: Seventy-five per cent in a fund for state highways and twenty-five per cent to the county general fund where the fine or penalty is paid.

(Emphasis added.) A good internal control plan requires procedures to ensure that bond forfeitures are distributed in accordance with the requirements of the Nebraska Constitution.

Without such procedures, there is an increased risk of not only the County's school districts not receiving the amount of funding to which they are entitled but also noncompliance with the Nebraska Constitution.

We recommend the Clerk of the District Court work with the County Treasurer to correct the error identified. We further recommend the implementation of procedures to ensure future bond forfeitures are properly distributed to the County's school districts.

Monthly Report Review

The District Court was not adequately reviewing either the Monthly Case Balance Report or the Overdue Case Account Report. During our review of these reports, we noted the following:

- For one case balance tested, the Court was holding a \$75 Supreme Court Cost Bond; however, the Mandate from the Nebraska Court of Appeals was filed on August 31, 2023. This balance held was not paid to the appropriate party until February 16, 2024, after the auditors brought it to the Court's attention.
- For one overdue case balance tested, totaling \$1,199, no documentation could be provided to support that any attempt had been made to collect the amount owed to the Court after the defendant was released from the Nebraska Department of Correctional Services on October 30, 2023. As of December 29, 2023, the Overdue Case Account Report included balances owed to the Court totaling \$13,537.

Good internal controls and sound business practices require procedures for a detailed, timely review of both the Monthly Case Balance Report and Overdue Case Account Report. Those same procedures should ensure also that appropriate action is taken timely to address the balances listed therein.

Without such procedures, there is an increased risk of balances either not having appropriate follow-up action taken timely or having been previously resolved and no longer needing to be reflected as balances in the accounting system.

A similar finding was noted during the prior audit.

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

Non-Monetary Receipt Documentation

During testing, we noted that 4 of 10 non-monetary receipts tested, totaling \$2,006, lacked supporting documentation for why the Court had issued them. Non-monetary receipts are used by the Court to remove costs assessed and showing as owed on a case.

Good internal controls and sound business practice require procedures to ensure that non-monetary receipts are issued only when adequate documentation is on file to support the reason why they were issued.

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

We recommend the Clerk of the District Court implement procedures to ensure non-monetary receipts are issued only when adequate documentation is on file to support the reason why they were issued.

Claims Not Submitted Timely

We noted that the accounting system used by the Clerk of the District Court showed five claims, totaling \$526, that had not been submitted to the County. The date of these claims ranged from 2010 to 2021.

Neb. Rev. Stat. § 23-135(1) (Reissue 2022) provides the following, in relevant part:

All claims against a county shall be filed with the county clerk within ninety days from the time when any materials or labor, which form the basis of the claims, have been furnished or performed

Good internal controls and sound business practice require procedures to ensure that claims are submitted timely to the County.

Without such procedures, there is an increased risk of claims not being filed within the timeframe mandated by State law.

We recommend the Clerk of the District Court implement procedures to ensure claims are filed with the County within the timeframe mandated by State law.

COUNTY ASSESSOR

Incorrect Real Property Tax Credit Rates

The County Assessor improperly used the non-agricultural land tax credit rate for 3 of 10 parcels of agricultural land tested.

For tax year 2022, the tax credit rate for agricultural land was and \$127.89 per \$100,000. For non-agricultural land, the tax credit rate was \$106.59 per \$100,000. Consequently, these property owners were required to pay more in property taxes than they should have.

The following table details the incorrect tax credit calculations noted:

Parcel	Tax Credit per Assessor	Correct Tax Credit	Variance
#1	\$ 148	\$ 178	\$ 30
#2	\$ 328	\$ 394	\$ 66
#3	\$ 278	\$ 333	\$ 55

The County Assessor was unaware of this error until it was brought to her attention during the audit. Additionally, when asked to provide a listing of all other parcels that the error impacted, the County Assessor was unable to do so. Given that 30% of the sample tested contained errors, it is highly likely that numerous other property owners in the County were also impacted by this error.

Good internal controls and sound business practices require procedures to ensure that all property in the County receives the correct property tax credit rate.

Without such procedures, there is an increased risk of taxpayers in the County not receiving the amount of property tax credit to which they are entitled.

We recommend the County Assessor: 1) implement procedures to ensure all property in the County receives the correct property tax credit rate; and 2) review all properties in the County to ensure the correct property tax credit rate was used, taking corrective action for any errors noted.

COUNTY BOARD

Delinquent Real Estate Taxes

On September 27, 2022, 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.

* * * *

Any county treasurer, county attorney, or member of the county board who willfully fails, neglects, or refuses to perform the duties imposed by such sections shall be guilty of official misdemeanor and subject to removal from office as provided in sections 23-2001 to 23-2009. . . .

(Emphasis added.) Good internal controls require procedures to ensure that the County Board takes action, as required by State statute, to address delinquent taxes remaining uncollected, and such action is documented in the minutes of the meeting during which it was taken.

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.

A similar finding was noted in the prior audit.

We recommend the County Board implement procedures to ensure: 1) action is taken, as required by State statute, to address delinquent taxes remaining uncollected; and 2) such action is documented in the minutes of the meeting during which it was taken.

Potentially Disallowed Purchase

We noted the County Board approved claim #22080111 to Bloom Flowers & Gifts, totaling \$79, to purchase flowers for the funeral of a former County Commissioner. Such a purchase does not appear allowable per State law.

The Local Government Miscellaneous Expenditure Act (Act), which is set out at Neb. Rev. Stat. §§ 13-2201 to 13-2204 (Reissue 2022), specifies various expenditures, aside from those otherwise authorized by law, that constitute allowable uses of public funds by designated political subdivisions. The provisions of the Act are made applicable to counties, among numerous other public entities, by both subsections (2) and (3) of Neb. Rev. Stat. § 13-2202.

Neb. Rev. Stat. § 13-2203 (Reissue 2022) of the Act enumerates the miscellaneous expenditures permitted by governing bodies of local governments. Purchases of flowers – whether for funerals, memorials, or other personal occasions – are not found among that select statutory list of permissible expenditures. As a result, such disbursements must be considered disallowed by law.

On September 17, 1993, the Nebraska Accountability and Disclosure Commission adopted a document entitled “A Guideline to the Use of Public Funds by Cities and Villages – Revised” (Guideline). The Guideline addresses a number of different scenarios involving the expenditure of public funds. Though issued three decades ago, as well as being directed toward municipalities, the Guideline remains relevant to various Nebraska public entities, including counties.

Regarding the issue of flower and memorial purchases, the Guideline provides the following:

Question #6 – May municipal funds be expended for flowers and memorials for deceased elected officials, employees or their families?

Response – No.

Good internal control requires procedures to ensure that all purchases made by the County comply with applicable governing State statutes, including provisions of the Act.

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

We recommend the County Board implement procedures to ensure all County purchases are allowable under State statute, including provisions of the Act.

USDA Payment

Pursuant to claim # 22090226, the County paid \$34,800 to the United States Department of Agriculture (USDA). The County was unable to provide any documentation as to why this payment was made. Instead, the County provided invoices received during the year; however, those invoices totaled only \$22,677. According to the County, a credit was received from the USDA for the amount overpaid. Once again, however, the County was unable to provide any documentation to support that such a credit balance with the USDA did exist.

We contacted the USDA and were informed that Dawes County should not be making lump sum annual payments. Instead, the County should pay invoices as they are received from the USDA.

Good internal controls and sound business practices require procedures to ensure payments are only made when required, and appropriate documentation is on file to support why those payments were made.

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

We recommend the County Board implement procedures to ensure that payments are made only when required, and appropriate documentation is on file to support why those payments were made.

Credit Card Fees

Dawes County purchased a 2022 Dump Trailer for \$15,900 using a County credit card. Because this purchase was made using a credit card, credit card fees of \$579 were incurred. These credit card fees could have been avoided if the purchase was made through the normal claim and warrant process of the County Board, rather than via credit card.

Good internal controls and sound business practices require procedures to ensure that County funds are not used for easily avoidable fees.

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

We recommend the County Board implement procedures to ensure that County funds are not used for easily avoidable fees.

Credit Card Documentation

We tested County claim #22070146, which was a payment to First National Bank of Omaha to pay off the County Clerk's monthly credit card statement. The credit card statement included payments to Zoom for \$161 and Go-Daddy for \$122; however, no supporting documentation was provided for these payments.

Neb. Rev. Stat. § 13-610(4) (Reissue 2022) provides the following:

An itemized receipt for purposes of tracking expenditures shall accompany all purchasing card purchases. In the event that a receipt does not accompany such a purchase, purchasing card privileges shall be temporarily or permanently suspended in accordance with rules and regulations adopted and promulgated by the political subdivision.

A good internal control plan and sound business practice require all purchases with the County's credit card to be supported by adequate documentation.

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

We recommend the County Board implement procedures to ensure all purchases made with a County credit card are supported by adequate documentation.

Payment of Sales Tax

During testing, we noted numerous instances in which the County paid sales tax, totaling \$213, as shown below:

Date	Claim #	Office	Amount
6/27/2023	23060327	Sheriff	\$ 29
6/13/2023	23060188	Treasurer	27
5/23/2023	23050146	Clerk	142
4/11/2023	23040131	Tourism	6
10/11/2022	22100081	Roads	2
7/26/2022	22070146	Clerk	7
Total			\$ 213

According to Neb. Rev. Stat. § 77-2704.15(1)(a) (Supp. 2023), purchases made by the State or its political subdivisions are exempt from sales tax, as follows:

Sales and use taxes shall not be imposed on the gross receipts from the sale, lease, or rental of and the storage, use, or other consumption in this state of purchases by the state, including public educational institutions recognized or established under the provisions of Chapter 85, or by any county

Good internal controls require procedures to ensure that County funds are not expended for the payment of Nebraska sales tax.

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

We recommend the County Board implement procedures to ensure County funds are not expended for the payment of Nebraska sales tax.

Duplicate Payment

During the audit, we noted that one claim tested was a duplicate payment, as summarized in the table below:

		Original Claim		Duplicate Claim	
Payee	Duplicate Amount	Date	Claim #	Date	Claim #
KCSR-AM	\$ 165	11/22/2022	22110232	12/13/2022	22110378

Until pointed out by the auditors, the County was unaware of the duplicate payment.

Good internal controls and sound business practices require procedures to ensure that invoices are paid only once, and any duplicate payments are identified and resolved in a timely manner.

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

We recommend the County Board implement procedures to ensure invoices are paid only once, and any duplicate payments are identified and resolved in a timely manner.

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.

County Response: The County has discussed the finding, but must consider the cost of adequate segregation of duties when determining the use of tax money. The County Board will recommend that each office in the County implement a segregation of duties as much as possible, given the available resources. Four employees in one office and five in the other should allow for enough employees to achieve an adequate segregation of duties. Offices with smaller numbers shall design a sheet that is signed in and out when funds are handled outside the County Office. This document would show tracking for dates and time funding was handled for audit documentation.

* * * * *

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". The signature is stylized with a large, looped "J" and a cursive "Schreier".

Jeff Schreier, CPA
Audit Manager