

**AUDIT REPORT
OF
DODGE COUNTY**

JULY 1, 2014 THROUGH JUNE 30, 2015

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the Auditor of Public Accounts.**

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Issued on November 10, 2015

DODGE COUNTY

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DODGE COUNTY

LIST OF COUNTY OFFICIALS

At June 30, 2015

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Bob Missel	Board of Supervisors	Jan. 2019
Terry Synovec		Jan. 2017
Lon Strand		Jan. 2019
Greg Beam		Jan. 2017
Dan Weddle		Jan. 2017
Robert George		Jan. 2019
Gary Osborn		Jan. 2019
Brittney King	Assessor	Jan. 2019
Oliver Glass	Attorney	Jan. 2019
Fred Mytty	Clerk Election Commissioner	Jan. 2019
Linda Nelson	Clerk of the District Court	Jan. 2019
Carol Givens	Register of Deeds	Jan. 2019
Steve Hespen	Sheriff	Jan. 2019
Clark Boschult	Surveyor	Jan. 2019
Cathy Dill	Treasurer	Jan. 2019
Steven Snover	Veterans' Service Officer	Appointed
Larry Klahn	Weed Superintendent	Appointed
Alan Doll	Highway Superintendent	Appointed
Bill Pook	Emergency Manager	Appointed
Jean Andrews	Planning & Zoning	Appointed



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DODGE COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Dodge County, Nebraska

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dodge County, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Discretely Presented Component Unit	Adverse
Major Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Adverse Opinion on the Discretely Presented Component Unit

The financial statements do not include financial data for the County’s legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for that component unit to be reported with the financial data of the County’s primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, net position, receipts, and disbursements of the government-wide financial statements has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on the Discretely Presented Component Unit” paragraph, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of Dodge County, as of June 30, 2015, or the change in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and aggregate remaining fund information of Dodge County, as of June 30, 2015, and the respective changes in cash-basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Emphasis of Matters – Basis of Accounting

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

Report on Supplementary Information

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

The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, pages 19-31, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2015, on our consideration of Dodge County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and considering Dodge County's internal control over financial reporting and compliance.

October 28, 2015


Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

DODGE COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2015

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 11,352,133
TOTAL ASSETS	<u><u>\$ 11,352,133</u></u>
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 228,924
911 Emergency Services	3,643
Drug Education	2,592
Law Enforcement	50,841
Preservation of Records	18,916
Bridge/Road Projects	321,109
Unrestricted	<u>10,726,108</u>
TOTAL NET POSITION	<u><u>\$ 11,352,133</u></u>

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

DODGE COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended June 30, 2015

Functions:	Cash Disbursements	Program Cash Receipts		Net (Disbursement)
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Receipts and Changes in Net Position
Governmental Activities:				
General Government	\$ (4,996,277)	\$ 1,042,498	\$ 91,108	\$ (3,862,671)
Public Safety	(3,971,400)	187,174	55,046	(3,729,180)
Public Works	(3,145,074)	9,637	2,436,840	(698,597)
Health and Sanitation	(153,404)	-	-	(153,404)
Public Assistance	(405,403)	-	-	(405,403)
Culture and Recreation	(244,844)	-	173	(244,671)
Capital Outlay	(448,749)	-	-	(448,749)
Total Governmental Activities	\$ (13,365,151)	\$ 1,239,309	\$ 2,583,167	(9,542,675)

General Receipts:

Property Taxes	9,535,001
Grants and Contributions Not Restricted to Specific Programs	906,097
Investment Income	70,162
Licenses and Permits	151,836
Miscellaneous	40,927
Total General Receipts	10,704,023
 Increase in Net Position	 1,161,348
Net Position - Beginning of year	10,190,785
Net Position - End of year	\$ 11,352,133

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

DODGE COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
 June 30, 2015

	General Fund	Road Fund	Inheritance Fund	Interest Fund	Capital Improvement Economic Development Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents (Note 1.D)	\$ 1,568,515	\$ 839,038	\$ 1,587,874	\$ 1,513,056	\$ 4,004,045	\$ 1,839,605	\$ 11,352,133
TOTAL ASSETS	\$ 1,568,515	\$ 839,038	\$ 1,587,874	\$ 1,513,056	\$ 4,004,045	\$ 1,839,605	\$ 11,352,133
FUND BALANCES							
Restricted for:							
Visitor Promotion	-	-	-	-	-	228,924	228,924
911 Emergency Services	-	-	-	-	-	3,643	3,643
Drug Education	-	-	-	-	-	2,592	2,592
Law Enforcement	-	-	-	-	-	50,841	50,841
Preservation of Records	-	-	-	-	-	18,916	18,916
Bridge/Road Projects	-	-	-	-	-	321,109	321,109
Committed to:							
Road Maintenance	-	839,038	-	-	-	-	839,038
Aid and Assistance	-	-	-	-	-	236,770	236,770
County Buildings	-	-	-	-	-	889,723	889,723
Capital Improvements	-	-	-	-	4,004,045	-	4,004,045
Culture & Receptions	-	-	-	-	-	1,097	1,097
Debt Service Reserve	-	-	-	-	-	71,361	71,361
Flood Control	-	-	-	-	-	14,629	14,629
Assigned to:							
Other Purposes	-	-	1,587,874	1,513,056	-	-	3,100,930
Unassigned	1,568,515	-	-	-	-	-	1,568,515
TOTAL CASH BASIS FUND BALANCES	\$ 1,568,515	\$ 839,038	\$ 1,587,874	\$ 1,513,056	\$ 4,004,045	\$ 1,839,605	\$ 11,352,133

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

DODGE COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	General Fund	Road Fund	Inheritance Fund	Interest Fund	Capital Improvement Economic Development Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS							
Property Taxes	\$6,555,833	\$ 382,134	\$ 861,241	\$ -	\$ 1,122,657	\$ 613,136	\$ 9,535,001
Licenses and Permits	151,836	-	-	-	-	-	151,836
Interest	3	-	-	70,159	-	-	70,162
Intergovernmental	935,699	2,270,705	-	-	77,226	205,634	3,489,264
Charges for Services	1,207,471	9,637	-	-	-	22,201	1,239,309
Miscellaneous	10,232	22,721	-	-	-	7,974	40,927
TOTAL RECEIPTS	8,861,074	2,685,197	861,241	70,159	1,199,883	848,945	14,526,499
DISBURSEMENTS							
General Government	4,879,134	-	-	-	-	117,143	4,996,277
Public Safety	3,966,029	-	-	-	-	5,371	3,971,400
Public Works	33,892	3,111,182	-	-	-	-	3,145,074
Health and Sanitation	153,404	-	-	-	-	-	153,404
Public Assistance	183,102	-	-	-	-	222,301	405,403
Culture and Recreation	-	-	-	-	-	244,844	244,844
Capital Outlay	-	-	-	-	448,749	-	448,749
TOTAL DISBURSEMENTS	9,215,561	3,111,182	-	-	448,749	589,659	13,365,151
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(354,487)	(425,985)	861,241	70,159	751,134	259,286	1,161,348
OTHER FINANCING SOURCES (USES)							
Transfers in	1,232,427	752,350	-	-	-	768,992	2,753,769
Transfers out	(52,350)	-	(2,675,090)	-	-	(26,329)	(2,753,769)
TOTAL OTHER FINANCING SOURCES (USES)	1,180,077	752,350	(2,675,090)	-	-	742,663	-
Net Change in Fund Balances	825,590	326,365	(1,813,849)	70,159	751,134	1,001,949	1,161,348
CASH BASIS FUND BALANCES - BEGINNING	742,925	512,673	3,401,723	1,442,897	3,252,911	837,656	10,190,785
CASH BASIS FUND BALANCES - ENDING	\$1,568,515	\$ 839,038	\$ 1,587,874	\$ 1,513,056	\$ 4,004,045	\$ 1,839,605	\$ 11,352,133

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

DODGE COUNTY
**STATEMENT OF FIDUCIARY ASSETS AND
 LIABILITIES - CASH BASIS**
FIDUCIARY FUNDS
 June 30, 2015

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 2,682,912
 LIABILITIES	
Due to other governments	
State	598,517
Schools	1,013,554
Educational Service Units	5,355
Technical College	43,412
Natural Resource Districts	20,321
Fire Districts	21,637
Municipalities	405,611
Agricultural Society	1,094
Drainage Districts	30,343
Townships	10,383
Sanitary and Improvement Districts	519,497
Others	13,188
TOTAL LIABILITIES	2,682,912
TOTAL NET ASSETS	\$ -

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

DODGE COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

1. **Summary of Significant Accounting Policies**

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

A. Reporting Entity

Dodge 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.

Component Unit. These financial statements present the County (the primary government). The Fremont Area Medical Center (Hospital) is a component unit of the County because of the significance of its operational and financial relationships with the County. The financial statements do not include the data of the Hospital necessary for reporting in conformity with generally accepted accounting principles (GAAP). Complete financial statements of the Hospital can be obtained from the Hospital's administrative office.

Joint Organization.

Behavioral Health Region VI – 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 VI (Region) consists of the following counties: Dodge, Washington, Douglas, Sarpy, and Cass.

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

DODGE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

County contributed \$61,540 toward the operation of the Region during fiscal year 2015. 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 Three Rivers 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 2009, Cum. Supp. 2014).

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 2015. 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) (2015 Neb. Laws, LB 539, § 8). Financial information for the Department is available in that report.

B. Basis of Presentation

Government-Wide Financial Statements. The Statement of Net Position - Cash Basis and Statement of Activities - Cash Basis display information about the activities of the County and are in the format of government-wide statements, as required by GASB Statement Number 34. These statements include all the financial activities of the County, except for fiduciary activities and the Hospital. 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 County is reported separately from certain legally separate component units for which the primary government is financially accountable.

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: 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.

DODGE COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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.

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.

Interest Fund. This fund is used to account for the accumulation of interest received on unrestricted cash accounts of the County. Accumulated funds are used to reduce property tax requests of various funds as determined at the beginning of each year during the budget process.

Capital Improvement Economic Development Fund. This fund is used to account for the improvements to the roads and streets and economic development purposes within the County. Funds are provided primarily through property taxes, issuance of bonds, and transfers from interest and inheritance tax funds.

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

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

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

DODGE COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

1. Summary of Significant Accounting Policies (Continued)

The County designates fund balances as follows:

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

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

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

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

C. Measurement Focus, Basis of Accounting

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

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.

DODGE COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

D. Assets and Net Position

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

Investments. The types of investments in which the County is authorized to invest funds are enumerated in Neb. Rev. Stat. §§ 77-2315, 77-2340, and 77-2341 (Reissue 2009) and generally include U.S. Government obligations, certificates of deposit, and time deposits and securities, which are authorized by the Nebraska Investment Council.

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

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

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

Restricted Net Position. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$626,025 of restricted net position, all of which is restricted by enabling legislation.

DODGE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

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

2. **Deposits and Investments**

The County has generally pooled the cash resources of the various funds for investment purposes. Interest earned on pooled funds is credited to the County General Fund in accordance with Neb. Rev. Stat. § 77-2315 (Reissue 2009).

At year end, the County's carrying amount of deposits was \$11,352,133 for County funds and \$2,682,912 for Fiduciary funds. The bank balances for all funds totaled \$13,835,431. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2015, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

3. **Property Taxes**

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

DODGE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Property Taxes** (Concluded)

Counties are permitted by the State Constitution to levy a tax of up to \$.50/\$100 of assessed valuation for general governmental services other than the payment of principal and interest on bonded debt. Counties may levy taxes in addition to the 50-cent limitation upon a vote of the people.

The levy set in October 2014, for the 2014 taxes, which will be materially collected in May and September 2015, was set at \$.226765/\$100 of assessed valuation. The levy set in October 2013, for the 2013 taxes, which were materially collected in May and September 2014, was set at \$.227847/\$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 (the Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2012, Cum. Supp. 2014) 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.

DODGE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

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, 2015, 117 employees contributed \$206,275, and the County contributed \$304,018. Contributions included \$10,793 in cash contributions towards the supplemental law enforcement plan for 21 law enforcement employees. Lastly, the County paid \$610 directly to 8 retired employees for prior service benefits.

5. **Risk Management**

The County is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association (NIRMA), a public entity risk pool currently operating as a common risk management and insurance program for 80 counties 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 by the Board for an additional contribution equal to its contribution for the current fiscal year, divided by the contribution of all participants for such year, times the amount of such deficiency. Each such assessment, and the manner of calculating the same, is sent to each county in writing, and each county has 60 days in which to pay the amount of such assessment. Each county remains liable for such assessments, regardless of such county's withdrawal from participation or the termination of the agreement, as well as for liabilities of the Pool incurred during such county's period of membership.

The agreement with NIRMA requires the risk pool to provide coverage for up to a maximum amount per occurrence and purchase commercial insurance for claims in excess of coverage provided. In the event of a liability exceeding the commercial insurance, the County would be responsible for funding the excess amount.

DODGE COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

5. Risk Management (Concluded)

	NIRMA Coverage	Maximum Coverage
General Liability Claim	\$ 300,000	\$ 5,000,000
Workers' Compensation Claim	\$ 550,000	Statutory Limits
Property Damage Claim	\$ 250,000	Insured Value at Replacement Cost

The County has not paid any additional assessments to the pool in the last three fiscal years, and no assessments are anticipated for fiscal year 2016. The County has not had to pay out any amounts that exceeded coverage provided by the pool in the last three fiscal years.

6. Interfund Transfers

Interfund transfers for the year ended June 30, 2015, consisted of the following:

<u>Transfers to</u>	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
General Fund	\$ -	\$ 1,206,098	\$ 26,329	\$ 1,232,427
Road Fund	52,350	700,000	-	752,350
Nonmajor Funds	-	768,992	-	768,992
Total	<u>\$ 52,350</u>	<u>\$ 2,675,090</u>	<u>\$ 26,329</u>	<u>\$ 2,753,769</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, 2015, the County made a one-time transfer of \$26,329 from the Preservation of Records Fund to the General Fund to reimburse expenses paid from the General Fund.

DODGE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 7,392,785	\$ 7,392,785	\$ 6,555,833	\$ (836,952)
Licenses and Permits	137,500	137,500	151,836	14,336
Interest	-	-	3	3
Intergovernmental	309,287	309,287	935,699	626,412
Charges for Services	1,121,100	1,121,100	1,207,471	86,371
Miscellaneous	1,000	1,000	10,232	9,232
TOTAL RECEIPTS	8,961,672	8,961,672	8,861,074	(100,598)
DISBURSEMENTS				
General Government:				
County Board	133,500	133,500	130,104	3,396
County Clerk	193,519	193,519	193,420	99
County Treasurer	506,075	506,075	499,718	6,357
Register of Deeds	149,534	149,534	149,403	131
County Assessor	425,780	425,780	384,460	41,320
Election Commissioner	129,032	129,032	123,979	5,053
Building and Zoning	68,200	68,200	35,968	32,232
Clerk of the District Court	143,179	143,179	135,185	7,994
County Court System	44,050	44,050	40,582	3,468
District Judge	42,400	42,400	36,495	5,905
Facilities	392,993	392,993	392,984	9
Agricultural Extension Agent	113,500	113,500	112,553	947
Miscellaneous	2,830,170	2,830,170	2,644,283	185,887
Public Safety				
County Sheriff	1,492,325	1,492,325	1,446,785	45,540
County Attorney	607,200	619,200	618,881	319
Corrections Department	1,591,300	1,591,300	1,392,253	199,047
Sheriff's Merit Commission	3,000	3,000	404	2,596
Probation Office	216,255	216,255	206,255	10,000
Miscellaneous	440,139	428,139	301,451	126,688
Public Works				
County Surveyor	30,910	30,910	23,398	7,512
Noxious Weed Control	44,450	44,450	10,494	33,956
Public Health				
Mental Health Board	4,300	4,300	3,362	938
Miscellaneous	150,042	150,042	150,042	-
Public Assistance				
Veterans' Service Officer	62,100	62,100	59,282	2,818
Miscellaneous	123,071	123,071	123,820	(749)
TOTAL DISBURSEMENTS	9,937,024	9,937,024	9,215,561	721,463

DODGE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(975,352)	(975,352)	(354,487)	620,865
OTHER FINANCING SOURCES (USES)				
Transfers in	1,232,427	1,232,427	1,232,427	-
Transfers out	-	-	(52,350)	(52,350)
TOTAL OTHER FINANCING SOURCES (USES)	1,232,427	1,232,427	1,180,077	(52,350)
Net Change in Fund Balance	257,075	257,075	825,590	568,515
FUND BALANCE - BEGINNING	742,925	742,925	742,925	-
FUND BALANCE - ENDING	\$ 1,000,000	\$ 1,000,000	\$ 1,568,515	\$ 568,515

(Concluded)

DODGE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Taxes	\$ 143,572	\$ 143,572	\$ 382,134	\$ 238,562
Intergovernmental	2,146,205	2,146,205	2,270,705	124,500
Charges for Services	52,350	52,350	9,637	(42,713)
Miscellaneous	50,000	50,000	22,721	(27,279)
TOTAL RECEIPTS	2,392,127	2,392,127	2,685,197	293,070
DISBURSEMENTS	3,604,800	3,604,800	3,111,182	493,618
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(1,212,673)	(1,212,673)	(425,985)	786,688
OTHER FINANCING SOURCES (USES)				
Transfers in	700,000	700,000	752,350	52,350
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	700,000	700,000	752,350	52,350
Net Change in Fund Balance	(512,673)	(512,673)	326,365	839,038
FUND BALANCE - BEGINNING	512,673	512,673	512,673	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 839,038</u>	<u>\$ 839,038</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 900,000	\$ 900,000	\$ 861,241	\$ (38,759)
TOTAL RECEIPTS	900,000	900,000	861,241	(38,759)
DISBURSEMENTS	1,676,633	1,676,633	-	1,676,633
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(776,633)	(776,633)	861,241	1,637,874
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(2,625,090)	(2,625,090)	(2,675,090)	(50,000)
TOTAL OTHER FINANCING SOURCES (USES)	(2,625,090)	(2,625,090)	(2,675,090)	(50,000)
Net Change in Fund Balance	(3,401,723)	(3,401,723)	(1,813,849)	1,587,874
FUND BALANCE - BEGINNING	3,401,723	3,401,723	3,401,723	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,587,874</u>	<u>\$ 1,587,874</u>

DODGE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
INTEREST FUND				
RECEIPTS				
Interest	50,000	50,000	70,159	20,159
TOTAL RECEIPTS	50,000	50,000	70,159	20,159
DISBURSEMENTS	1,492,897	1,492,897	-	1,492,897
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(1,442,897)	(1,442,897)	70,159	1,513,056
Net Change in Fund Balance	(1,442,897)	(1,442,897)	70,159	1,513,056
FUND BALANCE - BEGINNING	1,442,897	1,442,897	1,442,897	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,513,056</u>	<u>\$ 1,513,056</u>
 CAPITAL IMPROVEMENT ECONOMIC DEVELOPMENT FUND				
RECEIPTS				
Taxes	\$ 1,000,000	\$ 1,000,000	\$ 1,122,657	\$ 122,657
Intergovernmental	49,000	49,000	77,226	28,226
TOTAL RECEIPTS	1,049,000	1,049,000	1,199,883	150,883
DISBURSEMENTS	4,301,911	4,301,911	448,749	3,853,162
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(3,252,911)	(3,252,911)	751,134	4,004,045
Net Change in Fund Balance	(3,252,911)	(3,252,911)	751,134	4,004,045
FUND BALANCE - BEGINNING	3,252,911	3,252,911	3,252,911	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,004,045</u>	<u>\$ 4,004,045</u>

(Concluded)

DODGE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD CONSTRUCTION BOND FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(378)	(378)	-	378
Net Change in Fund Balance	(378)	(378)	-	378
Fund Balance - Beginning	378	378	378	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 378</u>	<u>\$ 378</u>
HIGHWAY BRIDGE BUYBACK FUND				
Receipts	\$ 160,572	\$ 160,572	\$ 160,572	\$ -
Disbursements	(160,572)	(160,572)	-	160,572
Net Change in Fund Balance	-	-	160,572	160,572
Fund Balance - Beginning	160,537	160,537	160,537	-
Fund Balance - Ending	<u>\$ 160,537</u>	<u>\$ 160,537</u>	<u>\$ 321,109</u>	<u>\$ 160,572</u>
HISTORICAL SOCIETY FUND				
Receipts	\$ 86,268	\$ 86,268	\$ 79,714	\$ (6,554)
Disbursements	(94,220)	(94,220)	(87,569)	6,651
Net Change in Fund Balance	(7,952)	(7,952)	(7,855)	97
Fund Balance - Beginning	8,952	8,952	8,952	-
Fund Balance - Ending	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 1,097</u>	<u>\$ 97</u>
VISITOR'S PROMOTION FUND				
Receipts	\$ 100,000	\$ 100,000	\$ 105,758	\$ 5,758
Disbursements	(99,340)	(99,340)	(96,275)	3,065
Net Change in Fund Balance	660	660	9,483	8,823
Fund Balance - Beginning	16,868	16,868	16,868	-
Fund Balance - Ending	<u>\$ 17,528</u>	<u>\$ 17,528</u>	<u>\$ 26,351</u>	<u>\$ 8,823</u>
VISITOR IMPROVEMENT FUND				
Receipts	\$ 85,000	\$ 85,000	\$ 104,524	\$ 19,524
Disbursements	(244,049)	(244,049)	(61,000)	183,049
Net Change in Fund Balance	(159,049)	(159,049)	43,524	202,573
Fund Balance - Beginning	159,049	159,049	159,049	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202,573</u>	<u>\$ 202,573</u>

(Continued)

DODGE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
PRESERVATION OF RECORDS FUND				
Receipts	\$ 20,000	\$ 20,000	\$ 22,201	\$ 2,201
Disbursements	(27,795)	(27,795)	(11,080)	16,715
Transfers in	-	-	-	-
Transfers out	(26,329)	(26,329)	(26,329)	-
Net Change in Fund Balance	(34,124)	(34,124)	(15,208)	18,916
Fund Balance - Beginning	34,124	34,124	34,124	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,916</u>	<u>\$ 18,916</u>
INDIGENT FUND				
Receipts	\$ 246,350	\$ 246,350	\$ 214,777	\$ (31,573)
Disbursements	(215,095)	(215,095)	(199,711)	15,384
Transfers in	-	-	50,000	50,000
Transfers out	-	-	-	-
Net Change in Fund Balance	31,255	31,255	65,066	33,811
Fund Balance - Beginning	18,745	18,745	18,745	-
Fund Balance - Ending	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 83,811</u>	<u>\$ 33,811</u>
INSTITUTIONS FUND				
Receipts	\$ 10,659	\$ 10,659	\$ 16,177	\$ 5,518
Disbursements	(125,000)	(125,000)	(11,057)	113,943
Net Change in Fund Balance	(114,341)	(114,341)	5,120	119,461
Fund Balance - Beginning	144,341	144,341	144,341	-
Fund Balance - Ending	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 149,461</u>	<u>\$ 119,461</u>
VETERANS' AID FUND				
Receipts	\$ -	\$ -	\$ 31	\$ 31
Disbursements	(14,000)	(14,000)	(11,533)	2,467
Transfers in	8,992	8,992	8,992	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(5,008)	(5,008)	(2,510)	2,498
Fund Balance - Beginning	6,008	6,008	6,008	-
Fund Balance - Ending	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 3,498</u>	<u>\$ 2,498</u>

(Continued)

DODGE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DRUG ENFORCEMENT EDUCATION FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(2,592)	(2,592)	-	2,592
Net Change in Fund Balance	(2,592)	(2,592)	-	2,592
Fund Balance - Beginning	2,592	2,592	2,592	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,592</u>	<u>\$ 2,592</u>
FEDERAL FORFEITURE FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(50,841)	(50,841)	-	50,841
Net Change in Fund Balance	(50,841)	(50,841)	-	50,841
Fund Balance - Beginning	50,841	50,841	50,841	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,841</u>	<u>\$ 50,841</u>
CONSTRUCTION BOND FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(70,983)	(70,983)	-	70,983
Net Change in Fund Balance	(70,983)	(70,983)	-	70,983
Fund Balance - Beginning	70,983	70,983	70,983	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,983</u>	<u>\$ 70,983</u>
BUILDING FUND				
Receipts	\$ 149,297	\$ 149,297	\$ 145,083	\$ (4,214)
Disbursements	(1,000,000)	(1,000,000)	(106,063)	893,937
Transfers in	700,000	700,000	700,000	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(150,703)	(150,703)	739,020	889,723
Fund Balance - Beginning	150,703	150,703	150,703	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 889,723</u>	<u>\$ 889,723</u>
FLOOD CONTROL FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(20,000)	(20,000)	(5,371)	14,629
Transfers in	10,000	10,000	10,000	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(10,000)	(10,000)	4,629	14,629
Fund Balance - Beginning	10,000	10,000	10,000	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,629</u>	<u>\$ 14,629</u>

DODGE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
E911 SURCHARGE FUND				
Receipts	\$ -	\$ -	\$ 108	\$ 108
Disbursements	(3,535)	(3,535)	-	3,535
Net Change in Fund Balance	(3,535)	(3,535)	108	3,643
Fund Balance - Beginning	3,535	3,535	3,535	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,643</u>	<u>\$ 3,643</u>
FEDERAL LAW ENFORCEMENT BLOCK GRANT FUND				
Receipts	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Disbursements	(1,000)	(1,000)	-	1,000
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Concluded)

DODGE COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	Road Construction Bond Fund	Highway Bridge Buyback Fund	Historical Society Fund	Visitor's Promotion Fund	Visitor Improvement Fund
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ 73,541	\$ 104,524	\$ 104,524
Intergovernmental	-	160,572	6,173	-	-
Charges for Services	-	-	-	-	-
Miscellaneous	-	-	-	1,234	-
TOTAL RECEIPTS	<u>-</u>	<u>160,572</u>	<u>79,714</u>	<u>105,758</u>	<u>104,524</u>
DISBURSEMENTS					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Assistance	-	-	-	-	-
Culture and Recreation	-	-	87,569	96,275	61,000
TOTAL DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>87,569</u>	<u>96,275</u>	<u>61,000</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>-</u>	<u>160,572</u>	<u>(7,855)</u>	<u>9,483</u>	<u>43,524</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	160,572	(7,855)	9,483	43,524
FUND BALANCES - BEGINNING	<u>378</u>	<u>160,537</u>	<u>8,952</u>	<u>16,868</u>	<u>159,049</u>
FUND BALANCES - ENDING	<u>\$ 378</u>	<u>\$ 321,109</u>	<u>\$ 1,097</u>	<u>\$ 26,351</u>	<u>\$ 202,573</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	26,351	202,573
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	-	-	-
Bridge/Road Projects	-	321,109	-	-	-
Committed to:					
Aid and Assistance	-	-	-	-	-
County Buildings	-	-	-	-	-
Culture & Recreations	-	-	1,097	-	-
Debt Service Reserve	378	-	-	-	-
Flood Control	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 378</u>	<u>\$ 321,109</u>	<u>\$ 1,097</u>	<u>\$ 26,351</u>	<u>\$ 202,573</u>

(Continued)

DODGE COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	Preservation of Records Fund	Indigent Fund	Institutions Fund	Veterans' Aid Fund	Drug Enforcement Education Fund	Federal Forfeiture Fund
RECEIPTS						
Property Taxes	\$ -	\$ 194,528	\$ 15,139	\$ -	\$ -	\$ -
Intergovernmental	-	20,249	1,038	-	-	-
Charges for Services	22,201	-	-	-	-	-
Miscellaneous	-	-	-	31	-	-
TOTAL RECEIPTS	<u>22,201</u>	<u>214,777</u>	<u>16,177</u>	<u>31</u>	<u>-</u>	<u>-</u>
DISBURSEMENTS						
General Government	11,080	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Public Assistance	-	199,711	11,057	11,533	-	-
Culture and Recreation	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>11,080</u>	<u>199,711</u>	<u>11,057</u>	<u>11,533</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>11,121</u>	<u>15,066</u>	<u>5,120</u>	<u>(11,502)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	50,000	-	8,992	-	-
Transfers out	(26,329)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(26,329)</u>	<u>50,000</u>	<u>-</u>	<u>8,992</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(15,208)	65,066	5,120	(2,510)	-	-
FUND BALANCES - BEGINNING	<u>34,124</u>	<u>18,745</u>	<u>144,341</u>	<u>6,008</u>	<u>2,592</u>	<u>50,841</u>
FUND BALANCES - ENDING	<u>\$ 18,916</u>	<u>\$ 83,811</u>	<u>\$ 149,461</u>	<u>\$ 3,498</u>	<u>\$ 2,592</u>	<u>\$50,841</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	-
911 Emergency Services	-	-	-	-	-	-
Drug Education	-	-	-	-	2,592	-
Law Enforcement	-	-	-	-	-	50,841
Preservation of Records	18,916	-	-	-	-	-
Bridge/Road Projects	-	-	-	-	-	-
Committed to:						
Aid and Assistance	-	83,811	149,461	3,498	-	-
County Buildings	-	-	-	-	-	-
Culture & Recreations	-	-	-	-	-	-
Debt Service Reserve	-	-	-	-	-	-
Flood Control	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 18,916</u>	<u>\$ 83,811</u>	<u>\$ 149,461</u>	<u>\$ 3,498</u>	<u>\$ 2,592</u>	<u>\$50,841</u>

(Continued)

DODGE COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	Construction Bond Fund	Building Fund	Flood Control Fund	E911 Surcharge Fund	Total Nonmajor Governmental Funds
RECEIPTS					
Property Taxes	\$ -	\$ 120,772	\$ -	\$ 108	\$ 613,136
Intergovernmental	-	17,602	-	-	205,634
Charges for Services	-	-	-	-	22,201
Miscellaneous	-	6,709	-	-	7,974
TOTAL RECEIPTS	-	145,083	-	108	848,945
DISBURSEMENTS					
General Government	-	106,063	-	-	117,143
Public Safety	-	-	5,371	-	5,371
Public Assistance	-	-	-	-	222,301
Culture and Recreation	-	-	-	-	244,844
TOTAL DISBURSEMENTS	-	106,063	5,371	-	589,659
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	-	39,020	(5,371)	108	259,286
OTHER FINANCING SOURCES (USES)					
Transfers in	-	700,000	10,000	-	768,992
Transfers out	-	-	-	-	(26,329)
TOTAL OTHER FINANCING SOURCES (USES)	-	700,000	10,000	-	742,663
Net Change in Fund Balances	-	739,020	4,629	108	1,001,949
FUND BALANCES - BEGINNING	70,983	150,703	10,000	3,535	837,656
FUND BALANCES - ENDING	\$ 70,983	\$ 889,723	\$ 14,629	\$ 3,643	\$ 1,839,605
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	228,924
911 Emergency Services	-	-	-	3,643	3,643
Drug Education	-	-	-	-	2,592
Law Enforcement	-	-	-	-	50,841
Preservation of Records	-	-	-	-	18,916
Bridge/Road Projects	-	-	-	-	321,109
Committed to:					
Aid and Assistance	-	-	-	-	236,770
County Buildings	-	889,723	-	-	889,723
Culture & Receptions	-	-	-	-	1,097
Debt Service Reserve	70,983	-	-	-	71,361
Flood Control	-	-	14,629	-	14,629
TOTAL FUND BALANCES	\$ 70,983	\$ 889,723	\$ 14,629	\$ 3,643	\$ 1,839,605

(Concluded)

DODGE COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2015

	County Clerk	Register of Deeds	Clerk of the District Court	County Sheriff	County Attorney	Payroll Cafeteria Plan	Highway Superintendent	Veterans' Service Officer	County General Assistance	County Planning and Zoning	Total
BALANCES JULY 1, 2014	\$ 125	\$ 29,882	\$ 180,280	\$ 8,980	\$ 29,795	\$ 14,849	\$ -	\$ 1,640	\$ 4,514	\$ -	\$ 270,065
RECEIPTS											
Property Taxes	-	-	-	5,423	-	-	-	-	-	-	5,423
Licenses and Permits	5,250	-	-	2,285	-	-	-	-	-	34,703	42,238
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-
Charges for Services	-	229,695	50,034	89,892	40,804	-	21,062	-	-	-	431,487
Miscellaneous	32,566	-	100	1,801	-	50,231	-	11,533	95,092	-	191,323
State Fees	-	219,633	67,200	-	-	-	-	-	-	-	286,833
Other Liabilities	-	-	712,465	4,653	26,497	-	-	-	-	-	743,615
TOTAL RECEIPTS	37,816	449,328	829,799	104,054	67,301	50,231	21,062	11,533	95,092	34,703	1,700,919
DISBURSEMENTS											
Payments to County Treasurer	37,455	224,121	47,546	98,642	19,839	-	21,062	-	-	34,703	483,368
Payments to State Treasurer	-	211,786	66,034	-	-	-	-	-	-	-	277,820
Other Liabilities	-	-	755,773	3,202	64,932	56,816	-	12,343	90,189	-	983,255
TOTAL DISBURSEMENTS	37,455	435,907	869,353	101,844	84,771	56,816	21,062	12,343	90,189	34,703	1,744,443
BALANCES JUNE 30, 2015	\$ 486	\$ 43,303	\$ 140,726	\$ 11,190	\$ 12,325	\$ 8,264	\$ -	\$ 830	\$ 9,417	\$ -	\$ 226,541
BALANCES CONSIST OF:											
Due to County Treasurer	\$ 436	\$ 22,706	\$ 7,039	\$ 9,778	\$ 10,098	\$ -	\$ -	\$ -	\$ 9,417	\$ -	\$ 59,474
Petty Cash	50	-	100	-	843	8,264	-	830	-	-	10,087
Due to State Treasurer	-	20,481	5,700	-	-	-	-	-	-	-	26,181
Due to Others	-	116	127,887	1,412	1,384	-	-	-	-	-	130,799
BALANCES JUNE 30, 2015	\$ 486	\$ 43,303	\$ 140,726	\$ 11,190	\$ 12,325	\$ 8,264	\$ -	\$ 830	\$ 9,417	\$ -	\$ 226,541

DODGE COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2015

Item	2010	2011	2012	2013	2014
Tax Certified by Assessor					
Real Estate	\$ 44,762,726	\$ 45,767,646	\$ 47,539,720	\$ 51,070,972	\$ 52,132,369
Personal and Specials	2,059,706	2,437,976	2,695,892	2,966,032	3,039,752
Total	46,822,432	48,205,622	50,235,612	54,037,004	55,172,121
Corrections					
Additions	24,362	53,349	19,992	15,120	9,535
Deductions	(48,640)	(56,373)	(35,323)	(54,060)	(79,870)
Net Additions/ (Deductions)	(24,278)	(3,024)	(15,331)	(38,940)	(70,335)
Corrected Certified Tax	46,798,154	48,202,598	50,220,281	53,998,064	55,101,786
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2011	27,286,412	-	-	-	-
June 30, 2012	19,448,716	28,579,575	-	-	-
June 30, 2013	19,336	19,564,178	30,061,188	-	-
June 30, 2014	9,188	18,140	20,123,420	32,830,118	-
June 30, 2015	8,221	14,040	21,431	21,129,643	33,798,333
Total Net Collections	46,771,873	48,175,933	50,206,039	53,959,761	33,798,333
Total Uncollected Tax	\$ 26,281	\$ 26,665	\$ 14,242	\$ 38,303	\$ 21,303,453
Percentage Uncollected Tax	0.06%	0.06%	0.03%	0.07%	38.66%

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



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DODGE COUNTY

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

Board of Supervisors
Dodge 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 Dodge County, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Dodge County's basic financial statements, and have issued our report thereon dated October 28, 2015. The report notes the financial statements were prepared on the basis of cash receipts and disbursements and do not include the financial data of the Fremont Area Medical Center, a component unit of Dodge County.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness and other deficiencies that we consider to be significant deficiencies.

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. We consider the following deficiency to be a material weakness:

- 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.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the County's internal control to be a significant deficiency:

- The County Assessor lacked procedures to ensure property valuations used to assess property taxes were supported with adequate documentation. Good internal control includes the organization, procedures, and records designed to support the valuation of assessed property in the County. Inadequate procedures could lead to some properties being overtaxed and other properties being undertaxed.

Compliance and Other Matters

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

Additional Items

We also noted certain matters that we reported to the management of Dodge County in a separate letter dated October 28, 2015.

Dodge County's Response to Findings

Dodge County declined to respond to the finding described above.

Purpose of this Report

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



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

October 28, 2015



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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October 28, 2015

Board of Supervisors
Dodge County, Nebraska

Dear Supervisors:

We have audited the basic financial statements of Dodge County (County) for the fiscal year ended June 30, 2015, and have issued our report thereon dated October 28, 2015. 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 OVERALL

Segregation of Duties

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

We noted 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. Due to a limited number of personnel, an adequate segregation of duties is not possible without additional cost. This was also noted in prior audits.

We recommend the County review this situation. As always, the County must weigh the cost of hiring additional personnel versus the benefit of a proper segregation of duties.

Unclaimed Property

As of June 30, 2015, we noted the following:

- **County Sheriff:** We noted 18 checks, totaling \$219, that were not properly remitted to the State Treasurer as unclaimed property.
- **General Assistance Office:** We noted 16 checks, totaling \$3,118, that were remitted to the County Treasurer on June 27, 2014, not the Nebraska State Treasurer.

The Uniform Disposition of Unclaimed Property Act (Act) is set out at Neb. Rev. Stat. §§ 69-1301 to 69-1329 (Reissue 2009, Cum. Supp. 2014). Section 69-1307.01 of the Act states that intangible personal property held by public entities or political subdivisions that remains unclaimed for more than three years is presumed abandoned. Section 69-1310 requires that such items be reported to the Nebraska State Treasurer before November 1 of each year as of June 30 next proceeding. In addition, sound accounting practices require that old accounts be reviewed to determine whether they should still be active.

We recommend all intangible personal property that remains unclaimed for more than three years be remitted to the State Treasurer in accordance with the Act.

Petty Cash Funds

We noted the petty cash funds listed in the budget message were not established and set to a specific dollar amount, and County offices were not reconciling the amounts maintained back to an authorized dollar amount.

Neb. Rev. Stat. § 23-106(2) (Reissue 2012) states the following:

The county board shall have the authority to establish a petty cash fund for such county for the purpose of making payments for subsidiary general operational expenditures and purchases. Such county board shall set, by resolution of the board, the amount of money to be carried in such petty cash fund and the dollar limit of an expenditure from such fund and such amount shall be stated in the fiscal policy of the county board budget message.

When petty cash funds are not properly established at a set amount by the County Board and disclosed in the budget message of the County budget document, the County is not in compliance with State statute. In addition, the County is exposed to an increased risk of loss, theft, or misuse of County funds.

We recommend the County Board review petty cash funds used by County offices and, if it is the intention of the County Board for those offices to have petty cash funds, establish authorized amounts. We further recommend all authorized petty cash funds be stated in the budget message of the County budget document at such authorized amount.

Fee Rate Approval

We noted the following offices charged fees for services provided; however, the amount of the fees charged were not set by State statute or the County Board:

- **County Attorney:** Fees charged for diversion program.
- **County Planning and Zoning:** Fees charged for zoning permits and rates charged for building inspections.
- **Register of Deeds:** Fees charged for copies.

Neb. Rev. Stat. § 23-106 (Reissue 2012) assigns the responsibility to the County Board for managing the County funds and County business. In addition, good internal control and sound accounting practice require fees to be set by the County Board and documented in meeting minutes. When the County Board does not approve fees charged, there is an increased risk of loss or misuse of County funds.

We recommend the County Board approve or authorize any fees collected that are not established by State statute.

COUNTY ASSESSOR

Questionable Credit Card Purchases

During our audit, we noted the former County Assessor was charged with alleged theft for using a County credit card to purchase gas for her personal vehicle. During the fiscal year, total charges to the credit card totaled \$12,038, which included \$2,735 for gas purchases, \$338 for interest and fees, and \$623 in unidentified charges.

A good internal control plan requires adequate original invoices or other similar supporting documentation to support all credit card purchases. Furthermore, good internal controls require procedures to be in place to adequately review purchases to ensure charges are accurate, appropriate, and reasonable.

Without adequate controls, including periodic reviews of higher risk transactions, such as fuel and other credit card purchases, there is an increased risk of loss or misuse of County funds.

We recommend the County Board implement procedures to ensure all credit card charges are proper, including verifying original receipts are on file to support all charges. Additionally, we recommend the County Board implement procedures to ensure that all credit card charges are for a County-related purpose.

Missing Inventory

During our audit, we noted six assets with a combined value of \$5,396 included on the County Assessor's Annual Fixed Asset Listing that were not able to be traced to a physical asset. See the table below for a breakout of the items and their values:

Item Description	Make/Model	Tag Number	Purchase Date	Amount
Computer/Tablet	Surface Pro 3	N/A	1/27/2015	\$ 1,300
Laptop	Latitude D610	6139	7/1/2013	\$ 900
Computer	LG	6188	1/6/2014	\$ 799
Computer	LG	6189	1/6/2014	\$ 799
Computer	LG	6191	1/6/2014	\$ 799
Computer	LG	6196	1/6/2014	\$ 799
Total				\$ 5,396

Neb. Rev. Stat. § 23-347 (Reissue 2012) states, in relevant part, "Within two calendar months after the close of each fiscal year, each county officer shall make, acknowledge under oath, and file with the county board of his or her county an inventory statement of all county personal property in the custody and possession of said officer."

A good internal control plan includes procedures to monitor assets to ensure assets are not lost or misappropriated and to ensure disposals are removed from inventory listings timely.

When fixed asset listings are not properly reviewed on a regular basis, there is an increased risk for loss or misappropriation of County assets.

We recommend the County Assessor implement procedures to ensure inventory statements are complete and accurate. We further recommend the County Board seek legal guidance from the County Attorney regarding all missing fixed assets.

Real Property Valuations

The County Assessor failed to apply valuation models consistently across the County. During our audit, we noted real properties selected for testing did not document professionally accepted mass appraisal techniques and had valuations that did not appear reasonable. Most properties did not change value in the past two years, but those that did change value lacked supporting documentation or explanation as to why the value was changed. Examples include:

- One property owned by a County Board Supervisor had a decrease in value of over \$40,000 from 2013 to 2014 with no documentation on file to support such a decrease.
- One property was sold during January 2015 for \$404,500; however, the property was valued at only \$224,895 for the 2014 and 2015 tax years. There was no documentation

indicating that the property was reviewed to determine the difference between the assessed value and the sold value was reasonable and whether that neighborhood needed to be revalued.

- Two properties owned by one individual had decreases in value by \$55,480 from 2014 to 2015 with no documentation to support the decrease.
- During additional detail testing, we noted six other properties for which the 2014 taxable value could not be supported.

Neb. Rev. Stat. § 77-201(1) (Reissue 2009) states, in part, “[A]ll real property in this state, not expressly exempt there from, shall be subject to taxation and shall be valued at its actual value.”

Per Title 350 NAC 10-002.01, “Actual value means the market value or fair market value of real property in the ordinary course of trade.” This section also provides, “Actual value may be determined using professionally-accepted mass appraisal methods, including, but not limited to, the: (1) sales comparison approach; (2) income approach; and (3) cost approach.”

Furthermore, good internal controls require that accurate and consistent valuation models be used by the County Assessor.

We recommend the County work with the Nebraska Department of Revenue, Property Assessment Division to determine an appropriate valuation model to be used by the County to ensure the uniform and proportionate valuation of real property.

Building Permits and Tax List Errors

During the audit, we noted the following items had not been adequately updated by the County Assessor:

- There were 1,388 open building permits with estimated values being reported by the property owner of approximately \$102,715,088 for completed construction projects. Of that amount, \$30,514,061 had been completed, but the properties were not assigned a value for 2015.
- Tax list corrections were not properly updated in the system. We noted multiple instances in which the same tax list corrections were made for multiple years, including one tax list correction for personal property that was assessed in the wrong tax district each year from 2011 through 2014.

Neb. Rev. Stat. § 77-1613.04 (Reissue 2009) states the following, in relevant part:

The county assessor after July 25, or after August 10 in counties that have adopted a resolution to extend the deadline for hearing protests under section 77-1502, and with approval of the county board of equalization shall correct the assessment roll and the tax list, if necessary, in the case of a clerical error as defined in section 77-128 that results in a change in the value of the real property.

That same statute says also, “Clerical errors that do not result in a change of value on the assessment roll may be corrected at any time by the county assessor.”

Good internal controls require that the certified tax list be complete and accurate.

Furthermore, good internal controls require all building permits to be reviewed and entered into the system in a timely manner to ensure that property values and taxes assessed are accurate.

When the County Assessor fails to update tax corrections properly each year, there is an increased risk that errors will go undetected. Additionally, when the County Assessor fails to update building permits properly, there is an increased risk of incorrect property values resulting in a loss of tax revenue for the County.

We recommend the County Assessor implement procedures to ensure compliance with all applicable State statutes and that all tax list corrections and building permits are updated each year to prevent valuation errors. We also recommend the County Assessor work to ensure the tax list is complete and accurate.

Township Levies

The County did not assess a township levy in three tax districts for 2014, as follows:

- Tax District 1 – City of Fremont. Township established a levy of \$.044369/\$100 of assessed valuation.
- Tax District 3 – City of North Bend. Township established a levy of \$.055871/\$100 of assessed valuation.
- Tax District 11 – City of Scribner. Township established a levy of \$.087226/\$100 of assessed valuation.

Neb. Rev. Stat. § 23-259 (Reissue 2012) states, “The money necessary to defray the town charges of each town shall be levied on the taxable property in such town in the manner prescribed by the Nebraska Budget Act.” This statute also describes the rate of taxes that will be levied on all “taxable property in such township for all purposes subject to approval of the county board.”

Additionally, Neb. Rev. Stat. § 39-1522 (Reissue 2008) states, in relevant part:

Where cities and villages are located within the boundaries of any township, one-half of all the money collected from the levy . . . on property within the corporate limits of such cities and villages, shall be paid by the county treasurer to the treasurer of such city or village

Lastly, good internal controls require procedures to be in place to ensure that levies are accurately set based on location. When tax levies are not correctly applied to properties, other properties may pay an unproportionate amount of property taxes.

We recommend the County Assessor implement procedures to ensure that all taxes are assessed in accordance with State statute.

Late Filings

During our audit, we noted the County Assessor did not meet several required filing deadlines:

- Records indicated that the County Assessor had not filed applications for homestead exemptions by the required date of August 1, 2015. After the resignation of the County Assessor, employees of the County Assessor's office, with the assistance of the Department, issued a letter to a number of Dodge County property owners eligible for the 2015 homestead exemption program. These letters requested eligible property owners to file a new exemption application or a copy of their originally filed application no later than October 31, 2015. Over 700 property owners have responded to date.
- The Form 49: Certificate of Taxes Levied was electronically filed on December 1, 2014, as required by statute, but the County Assessor did not sign a hard copy of the report until December 17, 2014. It was discovered in late January 2015 that the report was inadequate because the County Assessor failed to obtain updated information from the County Treasurer for the 2014 report.
- The 2015 School District Taxable Value Report was filed electronically several days late and required refileing to correct certain errors. The corresponding value for certain political subdivisions required recertification by the County Assessor.
- Additionally, on September 1, 2015, the Nebraska Department of Revenue issued an Initial Report on the Review of Assessment Practices and Procedures of Dodge County, which noted additional items that were not filed timely. See Exhibit 1.

Neb. Rev. Stat. § 77-3517(1) (Cum. Supp. 2014) states, in part, "On or before August 1 of each year, the county assessor shall forward the approved applications for homestead exemptions and a copy of the certification of disability status that have been examined pursuant to section 77-3516 to the Tax Commissioner."

Neb. Rev. Stat. § 77-1613.01 (Reissue 2009) states, in part, "The county assessor . . . shall certify to the Property Tax Administrator, on or before December 1 of each year, the total taxable valuation and the Certificate of Taxes Levied."

We recommend the County work with the Nebraska Department of Revenue, Property Assessment Division, to determine the appropriate action regarding homestead exemptions. We further recommend the County Assessor implement procedures to ensure applications and other reports, such as Certified Taxes Levied and School District Taxable Value, are properly filed in the future.

Homestead Valuation Records

We reviewed 23 properties that qualified for homestead exemptions during 2014. During our review, we noted 13 of 23 properties for which the homestead loss was calculated incorrectly. Ten properties appear to have been under-assessed, and three properties appear to have been over-assessed.

Per Title 350 NAC 45-001.01, “The homestead exemption provides qualified homeowners with a measure of property tax relief. Revenue lost from this exemption is reimbursed to local taxing subdivisions by the state with funds appropriated by the Legislature from the General Fund.”

Title 350 NAC 45-002.04 provides, in relevant part, “Exempt amount is the amount of the property value that may be exempt from property tax. The exempt amount depends upon the basis of the exemption and the county of residence.”

When homestead loss is not calculated correctly or supported, the property owner pays the incorrect tax amount, and the State of Nebraska refunds the incorrect homestead loss to the county.

We recommend the County Assessor review all properties with a homestead exemption to ensure the homestead loss and assessed value after the homestead loss were calculated correctly.

COUNTY ATTORNEY

STOP Fund Account

The County Attorney receives a portion of the fees paid to Traffic Safety Plus for STOP Class in connection with tickets issued in Dodge County. These funds are disbursed to various law enforcement agencies for purposes associated with traffic safety.

The County Attorney alleged that these funds were not County monies. If that were indeed the case, a separate entity should have been created by an Interlocal Agreement with all of the parties who have a claim to the funds, and the County Attorney should have been designated as the executor. Furthermore, an audit should be submitted to the Auditor of Public Accounts for this entity and its activity.

As none of the above occurred, we believe these funds belong to the County. Therefore, all funds received for STOP should be remitted to the County Treasurer and paid through the County Board claim process. During the fiscal year, the County Attorney’s office expended \$37,472 of STOP funds without authorization from the County Board.

Neb. Rev. Stat. § 23-1601(1) (Reissue 2012) says, in relevant part, “It is the duty of the county treasurer to receive all money belonging to the county, from whatsoever source derived All money received by the county treasurer for use of the county shall be paid out by him or her only on warrants issued by the county board according to law.”

Neb. Rev. Stat. § 23-109(1) (Reissue 2012) states, “The county board shall have power to examine and settle all accounts against the county and all accounts concerning the receipts and expenditures of the county.”

We recommend the County Attorney produce information regarding the creation of a separate entity in charge of all STOP funds on behalf of the County or remit all funds to the County Treasurer. Furthermore, we recommend the County Attorney implement procedures to ensure that payment of all STOP funds is approved by the County Board.

Unauthorized Attorney Account

As of June 30, 2015, the County Attorney maintains a petty cash fund of \$843 that was not authorized by the County Board and was not maintained at a set amount. During testing, we noted two disbursements totaling \$91 that appear to have been for purchases of flowers for a funeral and a new baby.

Neb. Rev. Stat. § 23-106 (Reissue 2012) states the following:

(1) The county board shall manage the county funds and county business except as otherwise specifically provided.

(2) The county board shall have the authority to establish a petty cash fund for such county for the purpose of making payments for subsidiary general operational expenditures and purchases. Such county board shall set, by resolution of the board, the amount of money to be carried in such petty cash fund and the dollar limit of an expenditure from such fund and such amount shall be stated in the fiscal policy of the county board budget message.

The Local Government Miscellaneous Expenditure Act (Act), which is set out at Neb. Rev. Stat. §§ 13-2201 through 13-2204 (Reissue 2012), 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 entities, by both subsections (2) and (3) of § 13-2202.

On September 17, 1993, the Nebraska Accountability and Disclosure Commission issued “A Guideline to the Use of Public Funds by Cities and Villages” (Guideline). This document attempts to answer some commonly asked questions regarding the appropriate use of public funds. Though written principally for the benefit of cities and villages, the advice provided in the Guideline is equally applicable to counties – which, as previously mentioned, are also covered under the Act.

One of the issues addressed in the Guideline is the purchase of flowers, as follows:

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

Response – No.

The above conclusion is based upon the fact that § 13-2203 enumerates specifically all allowable disbursements of public funds under the Act. Buying flowers for deceased officials or their relatives is not included among such statutorily approved purchases. Neither, for that matter, is the purchase of flowers to celebrate the birth of a baby.

We recommend the County Attorney implement procedures to ensure that petty cash funds are maintained at an amount approved by the County Board and ensure compliance with the Local Government Miscellaneous Expenditure Act.

COUNTY BOARD

Credit Card Procedures

Multiple offices, including the County Assessor, County Sheriff, and County Clerk, have been issued a County credit card. The use of credit cards was intended to improve the efficiency and cost-effectiveness of the County's purchasing processes. Each individual office is responsible for submitting claims, along with supporting documentation, for its credit card purchases to the County Board.

During testing of credit card claims, the following was noted:

- Five purchases, totaling \$576, did not have supporting documentation.
- One purchase, totaling \$12, did not have adequate supporting documentation.
- Thirteen purchases, totaling \$594, were filed and paid more than 90 days after the invoice or supporting documentation deadline.

Neb. Rev. Stat. § 23-135 (Reissue 2012) states, 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"

A good internal control plan requires original invoices or other similar documentation to support all credit card purchases. This documentation should include information to determine the item, basis, amount, and date of the claim. Furthermore, good internal controls require procedures to be in place for the adequate review of purchases to ensure charges are accurate and reasonable.

Without complete and accurate purchase documentation and payment procedures, there is an increased risk for fraud, abuse, or misuse of the County's credit cards.

We recommend the County Board review its overall credit card policies and procedures, including internal control considerations, such as oversight, monitoring, and account reconciliation procedures, and implement procedures sufficient to ensure proper credit card use. We also recommend the County Board ensure all claims have adequate supporting documentation.

Claims Paid In Advance

During the fiscal year, we noted one claim was paid prior to the office receiving an invoice for the services. The County Board received and approved a claim consisting of an estimated \$42,000 for pavement markings. When the invoice was actually received subsequent to year-end, the actual invoice amount was less than the estimated claim, resulting in an overpayment of \$2,405. A refund was not received until July 30, 2015.

Neb. Rev. Stat. § 23-135(1) (Reissue 2012) regarding claims states, in 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.”

Additionally, § 23-135(3) states, in part, “The county board may pay in advance of services being rendered if it is pursuant to a contract entered into with the state.”

When claims are prepaid, the County is not in compliance with State statute. Additionally, such claim procedures greatly increase the risk of loss, theft, or misuse of County funds.

We recommend all claims have adequate supporting documentation, be based on actual amounts due rather than estimates, and contain no prepayments other than provided for in State statute.

Interlocal Agreements Disclosure

Neb. Rev. Stat. § 13-513 (Cum. Supp. 2014) requires the Auditor of Public Accounts (APA) to request information from each governing body in a form prescribed by the APA regarding agreements to which the governing body is a party under the Interlocal Cooperation Act and the Joint Public Agency Act. Each governing body is required to provide such information to the APA on or before December 31 of each year.

Dodge County did not file the required interlocal agreement forms with the APA by December 31, 2014.

The County’s failure to comply with interlocal agreement reporting requirements not only constitutes a violation of State statute but also prevents accurate information about such agreements from being readily available to the public.

We recommend the County implement procedures to ensure the complete, accurate, and timely filing of information related to Dodge County’s interlocal agreements, as required by State statute.

Lack of Contract with Nonprofits

During the audit, we noted monthly payments made to local nonprofit agencies in Dodge County. The nonprofit agencies request a dollar amount from Dodge County each year to help alleviate budgeted expenditures. The County did not have agreements on file to ensure the money would be spent appropriately or require documentation for how the money was spent. For the fiscal year ended June 30, 2015, we noted the County made payments to nonprofits as follows:

- Low Income Ministry received \$33,355; however, \$30,810 was appropriated per the 2014-2015 County budget, which was the amount the non-for-profit requested.
- Dodge County Historical Society received \$84,069.

Good internal controls and sound accounting practices require a documented agreement signed by both parties when payments are made to a nonprofit agency or non-county entity.

We recommend the County Board obtain sufficient documentation and/or a contract when payments are made to any vendor or nonprofit agency. Additionally, the County Board should review agreements/contracts to ensure the correct amount is paid.

CLERK OF THE DISTRICT COURT

Remittance of Fines

During our audit, we noted fines, totaling \$9,536, remitted to the County Treasurer were deposited in the County General Fund, not the School Fines Fund, which caused the fine amounts not to be distributed to the County schools.

Neb. Rev. Stat. § 29-2708 (Reissue 2008) states, in relevant part, “All money arising from fines and recognizances shall be credited by the county treasurer to the county school fund except as provided by Article VII, section 5, Constitution of Nebraska”

When money arising from fines is not deposited into the School Fines Fund, the money is not distributed in accordance with State statute.

We recommend procedures be implemented to ensure all fines are deposited in the School Fines Fund to ensure those monies are correctly distributed to the schools.

COUNTY SHERIFF

Unauthorized Sheriff Account

The County Sheriff’s office maintained a separate bank account for monies received from donations, etc. Although there was no account activity during fiscal year 2015, the balance at June 30, 2015, was \$2,680.

Neb. Rev. Stat. § 23-109(1) (Reissue 2012) states, “The county board shall have power to examine and settle all accounts against the county and all accounts concerning the receipts and expenditures of the county.”

Neb. Rev. Stat. § 23-1601(1) (Reissue 2012) requires all money received by the County, from whatever source, to be deposited with the County Treasurer and paid out only on warrants issued by the County Board.

When all funds are not properly turned over to the County Treasurer and all purchases are not approved by the County Board, the County Sheriff is not in compliance with State statute. In addition, there is an increased risk of loss or misuse of County funds.

We recommend the County Sheriff turn over all funds to the County Treasurer and all disbursements be submitted to the County Board for approval.

Balancing Procedures

We noted the following as of June 30, 2015:

- Office records did not document a detailed listing of accounts payable, resulting in assets exceeding liabilities by \$1,413.
- Unauthorized adjustments totaling \$81 were made to six accounts receivable accounts.

Good internal controls require procedures to be in place to ensure assets (cash on hand, reconciled bank statement, and accounts receivable) agree to office liabilities (fees, trust accounts, and accounts payable).

Failure to maintain current, accurate records and determine asset-to-liability balancing variances in a timely manner can result in an increased risk of loss, theft, or misuse of funds, allowing errors to go undetected more easily.

We recommend the County Sheriff review all balances in the accounting records and implement procedures to insure records reflect current and correct balances and dates.

Cash Handling Procedures

During a surprise cash count on September 14, 2015, we noted the following:

- None of the 25 checks on hand, totaling \$399, were restrictively endorsed.
- Fee collection overages, totaling \$45, were not remitted to the County Treasurer.
- Advanced fees, totaling \$328, received October 2014 through September 2015, had not been receipted or deposited into the County Sheriff's checking account.
- Handgun Permit Fees, totaling \$20, collected September 2014 through July 2015 from permit applications, were still on hand as cash.

Good internal control requires checks to be restrictively endorsed immediately upon receipt and money to be deposited or remitted to the County Treasurer in a timely manner. The practice of holding cash or checks unendorsed for a significant amount of time increases the risk of loss, theft, or misuse of Court funds.

We recommend all checks received be restrictively endorsed immediately upon receipt. Additionally, fees collected should be remitted or deposited within a timely manner.

COUNTY TREASURER

Centrally Assessed Property Tax Credit

During the fiscal year, a portion of the Property Tax Credit labeled as State Assessed, totaling \$52,449, was remitted to the Nebraska Department of Revenue instead of distributed to the appropriate subdivisions. It was noted that this practice occurred during at least the last three fiscal years. See the table below for the breakout of all subdivisions and the amount of underpayment of property tax credit for the current fiscal year:

Assessor Fund	Description	Amount
10	County	\$ 7,327
20	Fremont	\$ 2,226
30	North Bend	\$ 481
40	Nickerson	\$ 63
50	Hooper Township	\$ 20
80	Uehling	\$ 101
100	Winslow	\$ 448
140	Union Township	\$ 360
170	Cotterell Township	\$ 212
200	Platte Township	\$ 409
240	Nickerson Township	\$ 117
250	Hooper Township	\$ 100
260	Logan Gen	\$ 136
270	Elkhorn Gen	\$ 217
310	Fire D 1-Nickerson	\$ 41
320	Fire D 2-Hooper	\$ 45
360	Fire D 6-Uehling	\$ 47
370	Fire D 7-Winslow	\$ 61
380	Fire D 8- Fremont	\$ 587
390	Fire D 9-N Bend	\$ 437
400	ESU 2	\$ 477
410	ESU 3	\$ 8
440	Ag Society	\$ 77
500	Metro College	\$ 3,070
510	27-0001 Fremont	\$ 15,953
511	F-1 Schl Bond K-8	\$ 1,105
512	F-1 Schl Bond 9-12	\$ 238
513	F-1 Schl Bond 1 2010	\$ 706
514	F-1 Schl Bond 2 2010	\$ 340

Assessor Fund	Description	Amount
594	27-0594 Logan View	\$ 3,761
595	27-0595 NB Central	\$ 9,253
700	19-0070 Howells-Dodge	\$ 21
720	2-0062 Scr-Sny 62	\$ 41
880	Arlington 24 NB Bond 595 2013	\$ 544
884	K-12	\$ 1,405
887	NB Centl School Bond	\$ 128
888	Arlington 24 Bond 2007	\$ 46
889	Logan V 594 Bond 2010	\$ 400
980	NRD Elkhorn	\$ 115
990	NRD Platte	\$ 1,309
	Multiple**	\$ 17

* The amounts noted above include the 1% commission retained by the County.

** This contains 16 funds that had a property tax credit of less than \$5.

Neb. Rev. Stat. § 77-4212(4) (Cum. Supp. 2014) states the following, in relevant part:

By September 15, the Property Tax Administrator shall determine the amount to be disbursed under this subsection to each county and certify such amounts to the State Treasurer and to each county After retaining one percent of the receipts for costs, the county treasurer shall allocate the remaining receipts to each taxing unit levying taxes on taxable property in the tax district in which the real property is located in the same proportion that the levy of such taxing unit bears to the total levy on taxable property of all the taxing units in the tax district in which the real property is located.

We recommend the County Treasurer implement procedures to ensure that all property tax credit is paid to the appropriate entities. Furthermore, we recommend the County Treasurer contact the Nebraska Department of Revenue to inquire about submitting a claim to receive a refund of these monies for past years in order to disburse this credit appropriately.

Road Tax Levy

During tax year 2013 and 2014, the County levied taxes in the Road Fund. If a tax district contains a city or village, taxes levied in the Road Fund should be distributed equally to both the County and the municipality. We noted 10 municipalities in which taxes levied were not split with the County. Total under-remittance to these municipalities was \$86,111 for the year. See the table below for the breakout of this under-remittance by municipality:

Fund	2013 Taxes	2014 Taxes	Total
Road Fund	\$ (70,429)	\$ (15,682)	\$ (86,111)
Fremont	\$ 62,665	\$ 13,945	\$ 76,610
Inglewood	\$ 560	\$ 128	\$ 688
North Bend	\$ 1,916	\$ 408	\$ 2,324
Nickerson	\$ 288	\$ 99	\$ 387
Hooper	\$ 1,596	\$ 316	\$ 1,912
Winslow	\$ 120	\$ 23	\$ 143
Snyder	\$ 795	\$ 160	\$ 955
Dodge	\$ 868	\$ 232	\$ 1,100
Uehling	\$ 329	\$ 75	\$ 404
Scribner	\$ 1,292	\$ 296	\$ 1,588

Neb. Rev. Stat. § 39-1904 (Reissue 2008) states the following:

The county board may levy the same rate of county road tax upon the property within cities and villages as levied upon the property in the county not within cities and villages. One-half of such tax collected within cities or villages, when collected, shall be paid to the cities or villages within the county where levied to be used for construction, improvement, or maintenance of municipal streets and alleys; and the remaining portion of such tax, when collected, shall be placed in the county road fund to be expended by the county board for construction, improvement, or maintenance of the roads and bridges in the county.

We recommend the County Treasurer implement procedures to ensure all taxes are distributed to the appropriate entities according to State statute.

Tax Distribution

The 2013 Property Taxes were not appropriately distributed according to the approved levies. During the fiscal year, we tested 12 tax districts' tax distributions. The under-remittance to subdivisions in the 12 districts totaled \$3,329.

Good internal controls and sound accounting practices require proper tax distributions according to the certified levies. When distributions are not made properly, there is an increased risk that the financial statements will not be presented fairly. In addition, there is an increased risk of loss or misuse of County funds.

We recommend the County Treasurer implement procedures to ensure property tax distributions are done correctly, in accordance with the approved levies.

* * * * *

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.

By using qualifying words such as "alleged" or "allegedly" in a comment to describe certain incidents or activities, the APA seeks to avoid the possibility that a report comment might be mistaken as containing an imputation of criminality. However, utilization of such modifying terms is not meant to indicate a lack of supporting documentation for the report comment or any insufficiency or other shortcoming relating thereto.

Draft copies of this report were furnished to the County to provide management with an opportunity to review the report and to respond to the comments and recommendations included in this report. The County declined to respond.

This report is intended solely for the information and use of the County, the appropriate Federal and regulatory agencies, and citizens of the State of Nebraska, and it is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Sincerely,



Deann Haeffner, CPA
Assistant Deputy Auditor

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**State of Nebraska
Department of Revenue, Property Assessment Division**

Initial Report on the Review of Assessment Practices and Procedures of Dodge County

I. Overview

The Constitution of the State of Nebraska requires taxes upon real property to “be levied by valuation uniformly and proportionately ...” *Nebraska Constitution*, Article VIII, Section 1, Subsection 1. State Law establishes the framework within which the assessor must operate in order to satisfy this constitutional duty. However, a real property assessment system requires that an operation or procedure be done completely and in a uniform manner each time it is repeated. Accurate and efficient assessment practices represent prudent expenditure of tax monies, establish taxpayer confidence in local government, and enable the local government to serve its citizens more effectively.

County Assessors are required, pursuant to Neb. Rev. Stat. § 77-1330(1) to comply with the standards promulgated by the Property Tax Administrator (PTA) and Tax Commissioner. In order to ensure that assessment practices meet the requirements of Nebraska law, the PTA may examine the books, papers, records, or memoranda of a county relating to the assessment of property in that county. In the event that such an examination reveals a failure to comply with the requirements of Nebraska law, the PTA may seek to require a county or county assessor to take measures to correct the problems found in the examination. Failure to take those steps could result in sanctions, up to and including the removal of an assessor’s certificate or the suspension of the county’s assessment function.

The county assessor has the duty to assess real property in compliance with Nebraska law. This means assessing real property at 100% of actual value for residential and commercial

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property or 75% of actual value for agricultural or horticultural land. Neb. Rev. Stat. § 77-201. A review of the assessment records of the Dodge County Assessor's office indicates there are issues with regard to the Dodge County Assessor's discharge of her duty to uniformly assess real property in Dodge County which violate the Nebraska Constitution and statutes.

The county assessor also has the duty to report information to both the Tax Commissioner and the PTA in a timely, complete, and accurate manner, in compliance with Nebraska law. This includes, reporting assessed values that match the property record cards in the county in the Assessed Value Update report; filing of the homestead exemption applications and forms; filing the School District Taxable Value report; and submission of real property sales into the state sales file.

II. Purpose

The purpose of this report is to outline the concerns that have been raised after working with the Dodge County Assessor for over a year and a review of the real property records in the Dodge County Assessor's office. This report will indicate the statutes, regulations and directives that have been violated by the misreporting and lack of uniform and effective assessment practices in the county.

Reviews of all counties are conducted annually to determine compliance with the constitutional requirement to uniformly and proportionately value all classes of property. Several audits are conducted over the course of the calendar year to determine whether assessments meet generally accepted mass appraisal practices, that values are uniform and proportionate, that those values are promptly and accurately reported, and that the properties are being reviewed in a timely manner.

Additionally, the Department has direct oversight responsibility for specific tax programs and certain administrative reports from the counties are filed directly with the Department.

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In 2014 and 2015, improper assessment practices were discovered, and another subsequent review of the Dodge County Assessor's office was conducted to ascertain the existence and extent of the reported improper assessment practices. During that audit, the records within the county assessor's office were reviewed, both hard copy and electronic file. The review was initially focused on whether statistics produced from the state sales file were a reliable representation of all the properties in the county. As further information was received or developed, however, the Department's review expanded include review of the report filings history and to ensure uniform and proportionate values.

III. Review

The Department has noted multiple instances where the Dodge County Assessor has failed to meet the statutory duties of the county assessor's office. As a result, the Department expanded its standard review to determine the extent of any improper assessment practices.

IV. Findings

Prior to and during the course of the Department's review, the Department had noted the following violations of the county assessor's statutory duty:

1. The county assessor has been late in filing the Assessed Value Updates (AVU), Homestead Exemption Summary Certificates, and Homestead Exemption applications in tax years 2014 and 2015 as required by Neb. Rev. Stat. §§ 77-1514, 77-3512, 77-3517(1), and 77-3523. All of the Homestead Exemption applications for 2015, due on or before August 1, have yet to be filed with the Department as of the date of this report.
2. The County assessor has been late submitting sales information to the state sales file pursuant to Neb. Rev. Stat. § 77-1327, 350 NAC 12-003.03A, and Directive 12-7 Real Estate Transfer Statement and Sale Data Filing.
3. The county assessor has failed to communicate with taxpayers in a timely manner, to wit:
 - i. TEK Industries, a Dodge County taxpayer, had filed amended personal property returns with the county assessor on October 1, 2013. The county

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assessor did not inform the taxpayer that their amended personal property returns had been rejected until February 23, 2015.

ii. Christine Ingersoll, a Dodge County taxpayer, filed an application for homestead exemption for the 2014 tax year on May 8, 2014, as a disabled individual. The Certification of Disability, Form 458B, was not properly completed. The county assessor properly rejected the application, but did not send the taxpayer a Notice of Rejection, as required by Neb. Rev. Stat. § 77-3517. The taxpayer later sent a properly completed Form 458B to the Department on February 26, 2015, and her application was approved.

4. The county assessor has failed to file the required form and information notifying the Department of a Tax Increment Financing project taking place in the Village of Snyder, Dodge County, Nebraska. The form and information were required to be filed by December 1 pursuant to Neb. Rev. Stat. § 18-2117.01.
5. The county assessor has incorrectly reported the 2014 Certificate of Taxes Levied as required by Neb. Rev. Stat. § 77-1613.01. The county assessor submitted both Schedule IV, Public Power District In Lieu Taxes and Schedule V, Other In Lieu Taxes a zero value because correct information was not obtained by the county treasurer before submission.
6. The county assessor has failed to timely submit the 2015 Dodge County School District Taxable Value Report. Pursuant to Neb. Rev. Stat. § 79-1016, this report is required to be certified to the Property Tax Administrator on or before August 25, 2015. After multiple reminders from the Department, the Dodge County School District Taxable Value Report was filed by the Dodge County Assessor on August 27, 2015, with multiple errors. A second and third report were required before the report was balanced as of August 31, 2015.
7. The county assessor reported valuations to the Department for the purpose of the Department's measurement of the level of value in the commercial class of property. The 2015 assessed values reported pursuant to Neb. Rev. Stat. § 77-1514, for certain randomly-selected parcels did not match the 2015 assessed value on the property record cards for those parcels. The errors were described as computer malfunctions by the county assessor and the incorrect valuations were

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reported to the county board of equalization on August 19, 2015 as valuations to be corrected as a result of clerical errors as defined by Neb. Rev. Stat. § 77-128. These fundamental errors in assessment are similar to assessed value reporting errors discovered in 2014. On October 22, 2014, the county assessor was formally notified of the violation of Neb. Rev. Stat. § 77-1315.01 because the assessor unlawfully changed values between March 19th and June 1st. The assessor was required to develop a corrective plan within 30 days to avoid similar valuation mistakes from occurring in the future. The plan was sent by the county assessor 51 days after the request, on December 12, 2014, referenced additional features developed in the CAMA system to avoid future reporting errors.

8. The county assessor has not been filing complete required sales information with the Department. A comparison of the original Real Estate Transfer Statements (Form 521) submitted by Dodge County versus the sales information submitted into the state sales file indicates that the county assessor has not been filing the supplemental information for the Form 521 into the state sales file.
9. The county assessor has failed to fulfill the statutory requirement to inspect and review all properties in the county no less frequently than once every six years, pursuant to Neb. Rev. Stat. § 77-1311.03. This violation was formally communicated to the county assessor on October 22, 2015. The Department's 2014 verification indicated that 48 percent of residential parcels had not been inspected within the past six years. The corrective plan sent on December 12, 2014 cited an effort to review approximately 3,500 parcels per year in the future, and focus first year priority to inspecting the towns of Scribner, portions of Fremont, lake and rural areas. Request for additional detail on parcel counts of areas, and inspections completed, went unanswered by the county assessor. The 2015 verification revealed that now 58 percent of residential parcels had not been reviewed within the past six years. The 2015 Three Year Plan of Assessment submitted by the county assessor to the County Board of Equalization on August 2015 indicated classes and subclasses of property originally planned for review beginning in 2014, according to the 2014 Three Year Plan of Assessment, had been put off a year and are now reflected as beginning in 2015.

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10. The county assessor submitted the 3-year plan of assessment to the Dodge County board of equalization at the August 5, 2015 board meeting. The report is dated July 31, 2015. Pursuant to Neb. Rev. Stat. § 77-1311.02, the plan is required to be presented to the county board of equalization on or before July 31 each year. In comparing the 2014 and 2015 three year plan of assessment there are no changes, other than date changes, the parcel counts, and the level of value for each class of property.
11. The county assessor has failed to timely and accurately certify values to the political subdivisions authorized to levy a tax on property, as required by Neb. Rev. Stat. § 13-509. As described in paragraph 6 of this section, the county assessor had failed to timely submit the School District Taxable Value Report. The first report reflected a county-wide actual value of \$3,323,570,198. The values certified to the political subdivisions, purporting to show a date of August 20, 2015, show a county-wide actual value of \$3,769,320,704.

V. Corrective Measures

The PTA finds that the failures in the assessment practices in Dodge County are the result of a willful failure or refusal to perform statutory duties, coupled with a deliberate concealment of information from the public and the County Board of Equalization. The PTA believes that certain measures, accompanied by specific benchmarks during this period of probation might adequately correct the violations that have been found and restore the public trust that property values are assessed uniformly and proportionately. The following corrective measures must be taken by Dodge County:

1. Ensure the staff of the Dodge County Assessor's office is trained to develop quality record keeping procedures that will result in the accurate reporting of information and administrative reports and better reliance on statistical measures that are necessary in the determination of quality assessment, level of value and uniform and proportionate treatment of all property within the county. As part of the process to assist the assessor, there should be an allocation of some responsibilities to the remaining office staff that,

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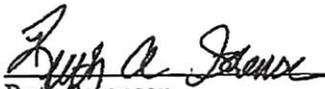
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- with proper training and guidance, could devote time to assigned tasks that would result in the output of a well-organized and accurate product.
2. Supply to the Department, no later than October 4, 2015, a detailed list of statutory duties and the Dodge County employees that will be responsible for the completion of those duties to ensure that employees are cross-trained to ensure that all statutory duties are completed in a timely manner. This list must describe the statute which corresponds to the duty assigned.
 3. Assist the Dodge County Assessor in the performance of her statutory duties during the period of this Assessor's suspension.

The Department shall monitor the county on a monthly basis to ensure that progress is being made toward the timely implementation of the corrective measures set forth in this report. In the event that the corrective measures are not implemented on a timely basis, the Tax Commissioner may order the county to implement them after notice and a hearing pursuant to Neb. Rev. Stat. Section 77-1330(4). If such an order is issued and the county still does not comply, the PTA may seek to suspend the county assessment function and implement the corrective measures and charge the county for the cost of such implementation pursuant to Neb. Rev. Stat. Section 77-1330(5).

The Department has also requested a hearing for the invalidation of the Dodge County Assessor Brittany King, which will be held on September 14, 2015, at the Department of Revenue office in Lincoln.

Dated this 1st day of September, 2015


Ruth Sorensen
Property Tax Administrator

September 1, 2015