

**AUDIT REPORT  
OF  
NEMAHA COUNTY**

**JULY 1, 2010 THROUGH JUNE 30, 2011**

**This document is an official public record of the State of Nebraska, issued by  
the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original  
document and may be prohibited by law.**

**Issued on April 10, 2012**

NEMAHA COUNTY

TABLE OF CONTENTS

	<u>Page</u>
<b>List of County Officials</b>	1
<b>Financial Section</b>	
Independent Auditors' Report	2 - 3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets - Cash Basis	4
Statement of Activities - Cash Basis	5
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds	6
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Governmental Funds	7
Statement of Fiduciary Assets and Liabilities - Cash Basis - Fiduciary Funds	8
Notes to Financial Statements	9 - 17
Required Supplementary Information:	
Budgetary Comparison Schedule - Budget and Actual - General Fund	18 - 19
Budgetary Comparison Schedule - Budget and Actual - Major Funds	20 - 21
Notes to Required Supplementary Information	22
Combining Statements and Schedules:	
Combining Statement of Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Nonmajor Governmental Funds	23 - 24
Budgetary Comparison Schedule - Budget and Actual - Nonmajor Funds	25 - 27
Schedule of Office Activities	28
Schedule of Taxes Certified and Collected for All Political Subdivisions in the County	29
<b>Government Auditing Standards Section</b>	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	30 - 31

NEMAHA COUNTY

**LIST OF COUNTY OFFICIALS**

At June 30, 2011

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Marvin Bohling	Board of Commissioners	Jan. 2015
Bob Hutton		Jan. 2015
Dennis Wittman		Jan. 2013
Jana Smith	Assessor	Jan. 2015
Louie Ligouri	Attorney	Jan. 2015
Joyce Oakley	Clerk Election Commissioner Register of Deeds	Jan. 2015
Amy Hector	Clerk of the District Court	Jan. 2015
Brent Lottman	Sheriff	Jan. 2015
Patricia Holtzman	Treasurer	Jan. 2015
Loras Baumhover	Veterans' Service Officer	Appointed
Marvin Palmer	Weed Superintendent	Appointed
Tom Catlett	Surveyor	Appointed



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley  
State Auditor

Mike.Foley@nebraska.gov  
P.O. Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
www.auditors.state.ne.us

## NEMAHA COUNTY

### INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Nemaha County, Nebraska

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Nemaha County, as of and for the year ended June 30, 2011, which collectively comprise the basic financial statements of the County's primary government, as listed in the Table of Contents. These financial statements are the responsibility of the County's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

The financial statements referred to above include only the primary government of Nemaha County, which consists of all funds, departments, and offices that comprise the County's legal entity. The financial statements do not include financial data for the County's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the County's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of Nemaha County as of June 30, 2011, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash balances of the governmental activities, each major fund, and the aggregate remaining fund information for the primary government of Nemaha County, as of June 30, 2011, and the respective changes in cash balances thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2012, on our consideration of Nemaha 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 should be considered in assessing the results of our audit.

The budgetary comparison information is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The County has not presented Management's Discussion and Analysis, which the accounting principles generally accepted in the United States of America have determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, nonmajor 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. Such statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole on the basis of accounting described in Note 1.

Signed Original on File

March 14, 2012

Deann Haeffner, CPA  
Assistant Deputy Auditor

NEMAHA COUNTY  
**STATEMENT OF NET ASSETS - CASH BASIS**  
 June 30, 2011

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents (Note 1.D)	\$ 2,167,036
Investments (Note 1.D)	244
<b>TOTAL ASSETS</b>	<b>\$ 2,167,280</b>
 <b>NET ASSETS</b>	
Restricted for:	
Visitor Promotion	\$ 51,727
911 Emergency Services	73,635
Debt Service	407,083
Unrestricted	1,634,835
<b>TOTAL NET ASSETS</b>	<b>\$ 2,167,280</b>

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

NEMAHA COUNTY  
**STATEMENT OF ACTIVITIES - CASH BASIS**  
For the Year Ended June 30, 2011

<b>Functions:</b>	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Assets
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
General Government	\$ (1,691,525)	\$ 304,726	\$ 47,255	\$ (1,339,544)
Public Safety	(1,241,956)	121,577	202,843	(917,536)
Public Works	(1,825,707)	8,188	964,320	(853,199)
Health and Sanitation	(27,034)	-	-	(27,034)
Public Assistance	(178,447)	-	-	(178,447)
Culture and Recreation	(20,952)	-	-	(20,952)
Debt Payments	(371,123)	-	-	(371,123)
<b>Total Governmental Activities</b>	<b>\$ (5,356,744)</b>	<b>\$ 434,491</b>	<b>\$ 1,214,418</b>	<b>(3,707,835)</b>

General Receipts:

Property Taxes	2,962,502
Grants and Contributions Not Restricted to Specific Programs	261,209
Investment Income	18,881
Licenses and Permits	26,184
Bond Reimbursement	364,228
Miscellaneous	154,866
<b>Total General Receipts</b>	<b>3,787,870</b>
 Change in Net Assets	 80,035
Net Assets - Beginning	2,087,245
Net Assets - Ending	<b>\$ 2,167,280</b>

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

NEMAHA COUNTY  
**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
June 30, 2011

	General Fund	Road Fund	Inheritance Fund	Hospital Bond Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents (Note 1.D)	\$ 512,243	\$ 374,555	\$ 704,156	\$ 407,083	\$ 168,999	\$ 2,167,036
Investments (Note 1.D)	244	-	-	-	-	244
<b>TOTAL ASSETS</b>	<b><u>\$ 512,487</u></b>	<b><u>\$ 374,555</u></b>	<b><u>\$ 704,156</u></b>	<b><u>\$ 407,083</u></b>	<b><u>\$ 168,999</u></b>	<b><u>\$ 2,167,280</u></b>
<b>FUND BALANCES</b>						
Restricted for:						
Visitor Promotion	\$ -	\$ -	\$ -	\$ -	\$ 51,727	\$ 51,727
911 Emergency Services	-	-	-	-	73,635	73,635
Debt Service	-	-	-	407,083	-	407,083
Committed to:						
Law Enforcement	-	-	-	-	34,339	34,339
Road Maintenance	-	374,555	-	-	-	374,555
Child Support	-	-	-	-	9,298	9,298
Assigned to:						
Other Purposes	-	-	704,156	-	-	704,156
Unassigned	512,487	-	-	-	-	512,487
<b>TOTAL CASH BASIS FUND BALANCES</b>	<b><u>\$ 512,487</u></b>	<b><u>\$ 374,555</u></b>	<b><u>\$ 704,156</u></b>	<b><u>\$ 407,083</u></b>	<b><u>\$ 168,999</u></b>	<b><u>\$ 2,167,280</u></b>

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



NEMAHA COUNTY  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2011

	General Fund	Road Fund	Inheritance Fund	Hospital Bond Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>						
Property Taxes	\$ 2,588,794	\$ 334	\$ 281,361	\$ -	\$ 92,013	\$ 2,962,502
Licenses and Permits	26,184	-	-	-	-	26,184
Interest	18,881	-	-	-	-	18,881
Intergovernmental	433,732	886,792	-	-	155,103	1,475,627
Charges for Services	421,703	8,188	-	-	4,600	434,491
Miscellaneous	104,996	13,525	-	372,251	28,322	519,094
<b>TOTAL RECEIPTS</b>	<u>3,594,290</u>	<u>908,839</u>	<u>281,361</u>	<u>372,251</u>	<u>280,038</u>	<u>5,436,779</u>
<b>DISBURSEMENTS</b>						
General Government	1,531,124	-	132,213	450	27,738	1,691,525
Public Safety	1,064,977	-	-	-	176,979	1,241,956
Public Works	27,827	1,797,880	-	-	-	1,825,707
Health and Sanitation	27,034	-	-	-	-	27,034
Public Assistance	178,447	-	-	-	-	178,447
Culture and Recreation	-	-	-	-	20,952	20,952
Debt Service:						
Principal Payments	-	-	-	364,228	-	364,228
Interest and Fiscal Charges	-	-	-	6,895	-	6,895
<b>TOTAL DISBURSEMENTS</b>	<u>2,829,409</u>	<u>1,797,880</u>	<u>132,213</u>	<u>371,573</u>	<u>225,669</u>	<u>5,356,744</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>764,881</u>	<u>(889,041)</u>	<u>149,148</u>	<u>678</u>	<u>54,369</u>	<u>80,035</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	85,000	1,047,199	-	-	10,000	1,142,199
Transfers out	(957,199)	-	(185,000)	-	-	(1,142,199)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(872,199)</u>	<u>1,047,199</u>	<u>(185,000)</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
Net Change in Fund Balances	(107,318)	158,158	(35,852)	678	64,369	80,035
<b>CASH BASIS FUND BALANCES - BEGINNING</b>	<u>619,805</u>	<u>216,397</u>	<u>740,008</u>	<u>406,405</u>	<u>104,630</u>	<u>2,087,245</u>
<b>CASH BASIS FUND BALANCES - ENDING</b>	<u>\$ 512,487</u>	<u>\$ 374,555</u>	<u>\$ 704,156</u>	<u>\$ 407,083</u>	<u>\$ 168,999</u>	<u>\$ 2,167,280</u>

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

NEMAHA COUNTY  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - CASH BASIS**  
**FIDUCIARY FUNDS**  
June 30, 2011

	Agency Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 810,526
 <b>LIABILITIES</b>	
Due to other governments	
State	88,626
Schools	592,520
Educational Service Units	2,776
Technical College	3,894
Natural Resource Districts	2,783
Fire Districts	1,500
Municipalities	48,432
Agricultural Society	421
Drainage Districts	58,178
Others	11,396
<b>TOTAL LIABILITIES</b>	<b>810,526</b>
 <b>TOTAL NET ASSETS</b>	 <b>\$ -</b>

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

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

1. **Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

Nemaha 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 which 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 Nemaha County Hospital (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 V** - 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 V (Region) consists of the following counties: Polk, Butler, Saunders, Seward, Lancaster, Otoe, Fillmore, Saline, Thayer, Jefferson, Gage, Johnson, Nemaha, Pawnee, York, and Richardson.

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of federal, state, local, and private funding. The County contributed \$26,179 toward the operation of the Region during fiscal year 2011.

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 Southeast District Health Department (Department) to provide public health services. Agreements were established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636 (Reissue 2009, Supp. 2011).

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 made no contributions toward the operation of the Department during fiscal year 2011. 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 required to be audited annually in accordance with Neb. Rev. Stat. § 84-304(4) (Reissue 2008). Financial information for the Department is available in that report.

**B. Basis of Presentation**

**Government-wide Financial Statements.** The Statement of Net Assets - 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.

NEMAHA 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.

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

**Hospital Bond Fund.** This fund accounts for the resources for, and the payment of, long-term debt principal, interest, and related costs associated with bonds issued for the construction of hospital renovations.

The County reports the following additional fund types:

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

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

**Debt Service Funds.** These funds account for the resources for, and the payment of, general long-term debt principal, interest, and related costs.

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

The County designates fund balances as:

**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 balances has not been designated by the County Board for a specific purpose, but has been separated based on the type of revenue.

**Unassigned.** The portion of the General Fund 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 Assets - 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 require 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 generally are 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.

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

**D. Assets and Net Assets**

**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 Assets.** 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 assets are reported as restricted when constraints placed on their use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net assets reports \$532,445 of restricted net assets, of which \$125,362 is restricted by enabling legislation.

NEMAHA COUNTY

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**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 \$2,167,036 for County funds and \$810,526 for Fiduciary funds. The bank balances for all funds totaled \$2,953,695. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2011, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

The County's carrying value of investments are stated at cost, which approximates market. Investments consisted of \$244 deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a seven member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income which has accrued to each participant is converted as of the close of business of each calendar month into additional units which thereafter are held in each participant's trust account. Since net income of the fund is allocated among participant's each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name.

**3. Property Taxes**

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

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

The levy set in October 2010, for the 2010 taxes, which will be materially collected in May and September 2011, was set at \$.376457/\$100 of assessed valuation. The levy set in October 2009, for the 2009 taxes, which were materially collected in May and September 2010, was set at \$.389364/\$100 of assessed valuation. The amount collected for motor vehicle tax is outlined in State statute.



NEMAHA COUNTY

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**3. Property Taxes** (Concluded)

Additionally, there is currently a statutory lid limitation, which limits taxation to the prior year's level, with provisions for growth. It may be increased by 1% by 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 23-2335 (Reissue 2007, Cum. Supp. 2010, Supp. 2011) 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 20. 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. Prior service benefits are paid directly by the County to the retired employee.

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, 2011, 64 employees contributed \$69,378, and the County contributed \$104,067. Additionally, for the year ended June 30, 2011, 10 law enforcement employees and the County contributed \$2,654 in cash contributions for the supplemental law enforcement plan. Lastly, the County paid \$329 directly to 5 retired employees for prior service benefits.

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. **Risk Management**

The County is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association (NIRMA), a public entity risk pool currently operating as a common risk management and insurance program for 78 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 sixty 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.

	NIRMA Coverage	Maximum Coverage
General Liability Claim	\$ 300,000	\$ 5,000,000
Worker's Compensation Claim	\$ 500,000	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 2012. The County has not had to pay out any amounts that exceeded coverage provided by the pool in the last three fiscal years.

NEMAHA COUNTY

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**6. Interfund Transfers**

Interfund transfers for the year ended June 30, 2011, consisted of the following:

<b>Transfers to</b>	Transfers from		Total
	General Fund	Inheritance Fund	
General Fund	\$ -	\$ 85,000	\$ 85,000
Road Fund	947,199	100,000	1,047,199
Nonmajor Funds	10,000	-	10,000
Total	<u>\$ 957,199</u>	<u>\$ 185,000</u>	<u>\$ 1,142,199</u>

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

**7. Long-Term Debt**

On January 28, 2004, the County issued General Obligation Hospital & Refunding Bonds in the aggregate principal amount of \$4,735,000. The County was to use the proceeds of the Bonds to: (1) provide for the payment and redemption of \$4,440,000 Series 2000 Hospital bonds, and (2) pay the costs of renovations to the Hospital. As the Bonds are general obligation bonds of the County, the County has the authority to levy additional ad valorem taxes, if necessary, to make the required principal and interest payments on the Bonds in the event the Hospital cannot meet the debt service obligation. As of June 30, 2011, no additional taxes had been levied by the County. The balance of bonds payable at June 30, 2011, was \$2,770,000. Complete financial statements of the Hospital can be obtained from the Hospital's administrative office.

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

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 2,767,482	\$ 2,767,482	\$ 2,588,794	\$ (178,688)
Licenses and Permits	24,900	24,900	26,184	1,284
Interest	30,100	30,100	18,881	(11,219)
Intergovernmental	456,489	456,489	433,732	(22,757)
Charges for Services	368,575	368,575	421,703	53,128
Miscellaneous	132,610	132,610	104,996	(27,614)
<b>TOTAL RECEIPTS</b>	<b>3,780,156</b>	<b>3,780,156</b>	<b>3,594,290</b>	<b>(185,866)</b>
<b>DISBURSEMENTS</b>				
General Government:				
County Board	66,383	71,828	71,828	-
County Clerk	115,869	116,883	116,883	-
County Treasurer	121,535	123,378	123,378	-
County Assessor	123,172	123,172	116,350	6,822
Election Commissioner	20,130	20,130	18,396	1,734
Clerk of the District Court	70,552	70,552	65,625	4,927
County Court System	1,650	1,650	1,309	341
District Judge	45,338	47,439	47,438	1
Building and Grounds	375,388	375,388	370,222	5,166
Agricultural Extension Agent	58,268	58,268	57,793	475
Miscellaneous	701,425	690,600	541,902	148,698
Public Safety:				
County Sheriff	470,966	470,966	395,978	74,988
County Attorney	125,942	126,358	126,358	-
County Jail	494,243	494,243	433,161	61,082
Emergency Management	95,106	95,106	78,918	16,188
Miscellaneous	50,000	50,000	30,562	19,438
Public Works:				
County Surveyor	600	606	606	-
Miscellaneous	27,221	27,221	27,221	-
Public Health:				
Miscellaneous	29,179	29,179	27,034	2,145

(Continued)

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

For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>DISBURSEMENTS (Continued)</b>				
Public Assistance:				
Veterans' Service Officer	38,090	38,090	36,424	1,666
Institutions	5,000	5,000	1,827	3,173
Relief	16,950	16,950	5,063	11,887
Miscellaneous	134,043	134,043	135,133	(1,090)
<b>TOTAL DISBURSEMENTS</b>	<u>3,187,050</u>	<u>3,187,050</u>	<u>2,829,409</u>	<u>357,641</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>593,106</u>	<u>593,106</u>	<u>764,881</u>	<u>171,775</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	85,000	85,000	85,000	-
Transfers out	(1,097,911)	(1,097,911)	(957,199)	140,712
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,012,911)</u>	<u>(1,012,911)</u>	<u>(872,199)</u>	<u>140,712</u>
Net Change in Fund Balance	(419,805)	(419,805)	(107,318)	312,487
<b>FUND BALANCE - BEGINNING</b>	<u>619,805</u>	<u>619,805</u>	<u>619,805</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 512,487</u>	<u>\$ 312,487</u>

(Concluded)

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

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ -	\$ -	\$ 334	\$ 334
Intergovernmental	766,200	766,200	886,792	120,592
Charges for Services	200	200	8,188	7,988
Miscellaneous	32,000	32,000	13,525	(18,475)
<b>TOTAL RECEIPTS</b>	<b>798,400</b>	<b>798,400</b>	<b>908,839</b>	<b>110,439</b>
<b>DISBURSEMENTS</b>	<b>2,202,708</b>	<b>2,202,708</b>	<b>1,797,880</b>	<b>404,828</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(1,404,308)</b>	<b>(1,404,308)</b>	<b>(889,041)</b>	<b>515,267</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,187,911	1,187,911	1,047,199	(140,712)
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,187,911</b>	<b>1,187,911</b>	<b>1,047,199</b>	<b>(140,712)</b>
Net Change in Fund Balance	(216,397)	(216,397)	158,158	374,555
<b>FUND BALANCE - BEGINNING</b>	<b>216,397</b>	<b>216,397</b>	<b>216,397</b>	<b>-</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 374,555</b>	<b>\$ 374,555</b>
<b>INHERITANCE FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ -	\$ -	\$ 281,361	\$ 281,361
<b>TOTAL RECEIPTS</b>	<b>-</b>	<b>-</b>	<b>281,361</b>	<b>281,361</b>
<b>DISBURSEMENTS</b>	<b>555,008</b>	<b>555,008</b>	<b>132,213</b>	<b>422,795</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(555,008)</b>	<b>(555,008)</b>	<b>149,148</b>	<b>704,156</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(185,000)	(185,000)	(185,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(185,000)</b>	<b>(185,000)</b>	<b>(185,000)</b>	<b>-</b>
Net Change in Fund Balance	(740,008)	(740,008)	(35,852)	704,156
<b>FUND BALANCE - BEGINNING</b>	<b>740,008</b>	<b>740,008</b>	<b>740,008</b>	<b>-</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 704,156</b>	<b>\$ 704,156</b>

(Continued)

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

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>HOSPITAL BOND FUND</b>				
<b>RECEIPTS</b>				
Miscellaneous	\$ 368,168	\$ 368,168	\$ 372,251	\$ 4,083
<b>TOTAL RECEIPTS</b>	<u>368,168</u>	<u>368,168</u>	<u>372,251</u>	<u>4,083</u>
<b>DISBURSEMENTS</b>	<u>774,573</u>	<u>774,573</u>	<u>371,573</u>	<u>403,000</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(406,405)</u>	<u>(406,405)</u>	<u>678</u>	<u>407,083</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(406,405)	(406,405)	678	407,083
FUND BALANCE - BEGINNING	<u>406,405</u>	<u>406,405</u>	<u>406,405</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 407,083</u></u>	<u><u>\$ 407,083</u></u>

NEMAHA COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2011

BUDGETARY COMPARISON SCHEDULES

**GAAP Requirements**

Generally Accepted Accounting Principles (GAAP) requires budgetary comparison schedules for the General Fund, and for each major special revenue fund that has a legally adopted annual budget. GAAP further requires the budgetary comparison schedules to include the *original budget* and *final budget* amounts. The *original budget* is the first complete appropriated budget adjusted by reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes *before* the beginning of the fiscal year. The original budget would also include actual appropriation amounts automatically carried over from prior years, when required by law. The *final budget* is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year, as approved by the County Board or otherwise legally authorized.

**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.



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

For the Year Ended June 30, 2011

	Child Support Agreement Fund	County Visitors Promotion Fund	County Visitors Improvement Fund	Diversion Program STOP Fund	Drug Coalition Fund
<b>RECEIPTS</b>					
Property Taxes	\$ -	\$ 14,081	\$ 14,081	\$ -	\$ -
Intergovernmental	35,387	-	-	-	119,716
Charges for Services	-	-	-	4,600	-
Miscellaneous	-	-	-	-	28,299
<b>TOTAL RECEIPTS</b>	<u>35,387</u>	<u>14,081</u>	<u>14,081</u>	<u>4,600</u>	<u>148,015</u>
<b>DISBURSEMENTS</b>					
General Government	27,738	-	-	-	-
Public Safety	-	-	-	7,895	135,270
Culture and Recreation	-	16,714	4,238	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>27,738</u>	<u>16,714</u>	<u>4,238</u>	<u>7,895</u>	<u>135,270</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>7,649</u>	<u>(2,633)</u>	<u>9,843</u>	<u>(3,295)</u>	<u>12,745</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	10,000
Transfers out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Net Change in Fund Balances	7,649	(2,633)	9,843	(3,295)	22,745
<b>FUND BALANCES - BEGINNING</b>	<u>1,649</u>	<u>25,809</u>	<u>18,708</u>	<u>6,081</u>	<u>6,367</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 9,298</u>	<u>\$ 23,176</u>	<u>\$ 28,551</u>	<u>\$ 2,786</u>	<u>\$ 29,112</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	\$ -	\$ 23,176	\$ 28,551	\$ -	\$ -
911 Emergency Services	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	2,786	29,112
Child Support	9,298	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 9,298</u>	<u>\$ 23,176</u>	<u>\$ 28,551</u>	<u>\$ 2,786</u>	<u>\$ 29,112</u>

(Continued)

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

For the Year Ended June 30, 2011

	911 Wireless Service Fund	Canine (K-9) Dog Fund	911 Emergency Services Fund	Total Nonmajor Governmental Funds
<b>RECEIPTS</b>				
Property Taxes	\$ 28,479	\$ -	\$ 35,372	\$ 92,013
Intergovernmental	-	-	-	155,103
Charges for Services	-	-	-	4,600
Miscellaneous	-	-	23	28,322
<b>TOTAL RECEIPTS</b>	<u>28,479</u>	<u>-</u>	<u>35,395</u>	<u>280,038</u>
<b>DISBURSEMENTS</b>				
General Government	-	-	-	27,738
Public Safety	12,621	582	20,611	176,979
Culture and Recreation	-	-	-	20,952
<b>TOTAL DISBURSEMENTS</b>	<u>12,621</u>	<u>582</u>	<u>20,611</u>	<u>225,669</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>15,858</u>	<u>(582)</u>	<u>14,784</u>	<u>54,369</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	10,000
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Net Change in Fund Balances	15,858	(582)	14,784	64,369
<b>FUND BALANCES - BEGINNING</b>	<u>-</u>	<u>3,023</u>	<u>42,993</u>	<u>104,630</u>
<b>FUND BALANCES - ENDING</b>	<u><u>\$ 15,858</u></u>	<u><u>\$ 2,441</u></u>	<u><u>\$ 57,777</u></u>	<u><u>\$ 168,999</u></u>
<b>FUND BALANCES:</b>				
Restricted for:				
Visitor Promotion	\$ -	\$ -	\$ -	\$ 51,727
911 Emergency Services	15,858	-	57,777	73,635
Committed to:				
Law Enforcement	-	2,441	-	34,339
Child Support	-	-	-	9,298
<b>TOTAL FUND BALANCES</b>	<u><u>\$ 15,858</u></u>	<u><u>\$ 2,441</u></u>	<u><u>\$ 57,777</u></u>	<u><u>\$ 168,999</u></u>

(Concluded)

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

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>CHILD SUPPORT AGREEMENT FUND</b>				
<b>RECEIPTS</b>				
Intergovernmental	\$ 28,000	\$ 28,000	\$ 35,387	\$ 7,387
<b>TOTAL RECEIPTS</b>	<b>28,000</b>	<b>28,000</b>	<b>35,387</b>	<b>7,387</b>
<b>DISBURSEMENTS</b>	<b>29,649</b>	<b>29,649</b>	<b>27,738</b>	<b>1,911</b>
Net Change in Fund Balance	(1,649)	(1,649)	7,649	9,298
FUND BALANCE - BEGINNING	1,649	1,649	1,649	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,298</u>	<u>\$ 9,298</u>
<b>COUNTY VISITORS PROMOTION FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 10,000	\$ 10,000	\$ 14,081	\$ 4,081
<b>TOTAL RECEIPTS</b>	<b>10,000</b>	<b>10,000</b>	<b>14,081</b>	<b>4,081</b>
<b>DISBURSEMENTS</b>	<b>35,809</b>	<b>35,809</b>	<b>16,714</b>	<b>19,095</b>
Net Change in Fund Balance	(25,809)	(25,809)	(2,633)	23,176
FUND BALANCE - BEGINNING	25,809	25,809	25,809	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,176</u>	<u>\$ 23,176</u>
<b>COUNTY VISITORS IMPROVEMENT FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 10,000	\$ 10,000	\$ 14,081	\$ 4,081
<b>TOTAL RECEIPTS</b>	<b>10,000</b>	<b>10,000</b>	<b>14,081</b>	<b>4,081</b>
<b>DISBURSEMENTS</b>	<b>28,708</b>	<b>28,708</b>	<b>4,238</b>	<b>24,470</b>
Net Change in Fund Balance	(18,708)	(18,708)	9,843	28,551
FUND BALANCE - BEGINNING	18,708	18,708	18,708	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,551</u>	<u>\$ 28,551</u>

(Continued)

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

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>DIVERSION PROGRAM STOP FUND</u></b>				
<b>RECEIPTS</b>				
Charges for Services	\$ 6,119	\$ 6,119	\$ 4,600	\$ (1,519)
<b>TOTAL RECEIPTS</b>	<b>6,119</b>	<b>6,119</b>	<b>4,600</b>	<b>(1,519)</b>
<b>DISBURSEMENTS</b>	<b>12,200</b>	<b>12,200</b>	<b>7,895</b>	<b>4,305</b>
Net Change in Fund Balance	(6,081)	(6,081)	(3,295)	2,786
FUND BALANCE - BEGINNING	6,081	6,081	6,081	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,786</u>	<u>\$ 2,786</u>
<b><u>DRUG COALITION FUND</u></b>				
<b>RECEIPTS</b>				
Intergovernmental	\$ 135,500	\$ 135,500	\$ 119,716	\$ (15,784)
Miscellaneous	9,332	9,332	28,299	18,967
<b>TOTAL RECEIPTS</b>	<b>144,832</b>	<b>144,832</b>	<b>148,015</b>	<b>3,183</b>
<b>DISBURSEMENTS</b>	<b>161,199</b>	<b>161,199</b>	<b>135,270</b>	<b>25,929</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	10,000	10,000	10,000	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>-</b>
Net Change in Fund Balance	(6,367)	(6,367)	22,745	29,112
FUND BALANCE - BEGINNING	6,367	6,367	6,367	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,112</u>	<u>\$ 29,112</u>
<b><u>911 WIRELESS SERVICE FUND</u></b>				
<b>RECEIPTS</b>				
Taxes	\$ 28,479	\$ 28,479	\$ 28,479	\$ -
<b>TOTAL RECEIPTS</b>	<b>28,479</b>	<b>28,479</b>	<b>28,479</b>	<b>-</b>
<b>DISBURSEMENTS</b>	<b>28,479</b>	<b>28,479</b>	<b>12,621</b>	<b>15,858</b>
Net Change in Fund Balance	-	-	15,858	15,858
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,858</u>	<u>\$ 15,858</u>

(Continued)

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

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>CANINE (K-9) DOG FUND</u></b>				
<b>RECEIPTS</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
<b>TOTAL RECEIPTS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DISBURSEMENTS</b>				
	3,023	3,023	582	2,441
Net Change in Fund Balance	(3,023)	(3,023)	(582)	2,441
FUND BALANCE - BEGINNING	3,023	3,023	3,023	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,441</u>	<u>\$ 2,441</u>
<b><u>911 EMERGENCY SERVICES FUND</u></b>				
<b>RECEIPTS</b>				
Taxes	\$ 36,000	\$ 36,000	\$ 35,372	\$ (628)
Intergovernmental	20,000	20,000	-	(20,000)
Miscellaneous	150,000	150,000	23	(149,977)
<b>TOTAL RECEIPTS</b>	<b>206,000</b>	<b>206,000</b>	<b>35,395</b>	<b>(170,605)</b>
<b>DISBURSEMENTS</b>				
	226,600	226,600	20,611	205,989
Net Change in Fund Balance	(20,600)	(20,600)	14,784	35,384
FUND BALANCE - BEGINNING	42,993	42,993	42,993	-
FUND BALANCE - ENDING	<u>\$ 22,393</u>	<u>\$ 22,393</u>	<u>\$ 57,777</u>	<u>\$ 35,384</u>

(Concluded)

NEMAHA COUNTY  
**SCHEDULE OF OFFICE ACTIVITIES**  
For the Year Ended June 30, 2011

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Nemaha Against Drug & Alcohol Abuse	Veterans' Service Officer	Total
BALANCE JULY 1, 2010	\$ 6,942	\$ 33,172	\$ 10,775	\$ 6,485	\$ 500	\$ 1,777	\$ 59,651
<b>RECEIPTS</b>							
Property Taxes	-	-	-	-	-	-	-
Licenses and Permits	-	-	400	-	-	-	400
Intergovernmental	-	-	30,792	-	-	-	30,792
Charges for Services	41,467	12,816	64,905	540	-	-	119,728
Miscellaneous	-	-	-	-	9,541	314	9,855
State Fees	43,980	10,042	-	-	-	-	54,022
Other Liabilities	-	442,296	66,658	7,019	-	-	515,973
<b>TOTAL RECEIPTS</b>	<b>85,447</b>	<b>465,154</b>	<b>162,755</b>	<b>7,559</b>	<b>9,541</b>	<b>314</b>	<b>730,770</b>
<b>DISBURSEMENTS</b>							
Payments to County Treasurer	42,417	11,704	89,768	630	-	-	144,519
Payments to State Treasurer	44,960	10,863	-	-	-	-	55,823
Other Liabilities	-	434,771	75,539	7,167	9,541	100	527,118
<b>TOTAL DISBURSEMENTS</b>	<b>87,377</b>	<b>457,338</b>	<b>165,307</b>	<b>7,797</b>	<b>9,541</b>	<b>100</b>	<b>727,460</b>
BALANCES JUNE 30, 2011	<u>\$ 5,012</u>	<u>\$ 40,988</u>	<u>\$ 8,223</u>	<u>\$ 6,247</u>	<u>\$ 500</u>	<u>\$ 1,991</u>	<u>\$ 62,961</u>
<b>BALANCES CONSISTS OF:</b>							
Due to County Treasurer	\$ 2,534	\$ 1,722	\$ 7,223	\$ 5,916	\$ -	\$ 1,991	\$ 19,386
Petty Cash	-	-	1,000	-	500	-	1,500
Due to State Treasurer	2,478	860	-	-	-	-	3,338
Due to Others	-	38,406	-	331	-	-	38,737
BALANCES JUNE 30, 2011	<u>\$ 5,012</u>	<u>\$ 40,988</u>	<u>\$ 8,223</u>	<u>\$ 6,247</u>	<u>\$ 500</u>	<u>\$ 1,991</u>	<u>\$ 62,961</u>

NEMAHA COUNTY  
**SCHEDULE OF TAXES CERTIFIED AND COLLECTED FOR**  
**ALL POLITICAL SUBDIVISIONS IN THE COUNTY**  
 June 30, 2011

Item	2006	2007	2008	2009	2010
<b>Tax Certified by Assessor</b>					
Real Estate	\$ 7,884,605	\$ 8,476,319	\$ 9,104,053	\$ 9,544,945	\$ 10,608,513
Personal and Specials	491,719	562,375	607,826	658,775	672,319
<b>Total</b>	<b>8,376,324</b>	<b>9,038,694</b>	<b>9,711,879</b>	<b>10,203,720</b>	<b>11,280,832</b>
<b>Corrections</b>					
Additions	26,838	2,477	3,289	4,039	1,918
Deductions	(2,427)	(1,931)	(7,017)	(6,530)	(3,075)
<b>Net Additions/ (Deductions)</b>	<b>24,411</b>	<b>546</b>	<b>(3,728)</b>	<b>(2,491)</b>	<b>(1,157)</b>
<b>Corrected Certified Tax</b>	<b>8,400,735</b>	<b>9,039,240</b>	<b>9,708,151</b>	<b>10,201,229</b>	<b>11,279,675</b>
<b>Net Tax Collected by County Treasurer during Fiscal Year Ending:</b>					
June 30, 2007	4,823,547	-	-	-	-
June 30, 2008	3,564,333	5,307,067	-	-	-
June 30, 2009	8,901	3,718,219	5,803,436	-	-
June 30, 2010	3,115	11,371	3,889,259	6,072,502	-
June 30, 2011	121	1,534	9,679	4,110,634	6,849,897
<b>Total Net Collections</b>	<b>8,400,017</b>	<b>9,038,191</b>	<b>9,702,374</b>	<b>10,183,136</b>	<b>6,849,897</b>
<b>Total Uncollected Tax</b>	<b>\$ 718</b>	<b>\$ 1,049</b>	<b>\$ 5,777</b>	<b>\$ 18,093</b>	<b>\$ 4,429,778</b>
<b>Percentage Uncollected Tax</b>	<b>0.01%</b>	<b>0.01%</b>	<b>0.06%</b>	<b>0.18%</b>	<b>39.27%</b>



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley  
State Auditor

Mike.Foley@nebraska.gov  
P.O. Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
www.auditors.state.ne.us

NEMAHA COUNTY

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

Board of Commissioners  
Nemaha County, Nebraska

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Nemaha County as of and for the year ended June 30, 2011, and have issued our report thereon dated March 14, 2012. 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 Nemaha County Hospital, a component unit of Nemaha County. Except as noted above, 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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Nemaha County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Nemaha 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 significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

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, detect, or 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, detected or corrected on a timely basis. We consider the following deficiency to be a material weakness:



- The County offices had a lack of segregation of duties since 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. Due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nemaha 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*.

We also noted certain matters that we reported to management of Nemaha County in a separate letter dated March 14, 2012.

This report is intended solely for the information and use of management, the County Board, others within the entity, the State Legislature, the appropriate Federal and regulatory agencies, and citizens of the State of Nebraska, and is not intended to be and should not be used by anyone other than these specified parties.

Signed Original on File

March 14, 2012

Deann Haeffner, CPA  
Assistant Deputy Auditor

**MANAGEMENT LETTER  
OF  
NEMAHA COUNTY**

**JULY 1, 2010 THROUGH JUNE 30, 2011**

**This document is an official public record of the State of Nebraska, issued by  
the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original  
document and may be prohibited by law.**

**Issued on April 10, 2012**



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

---

Mike Foley  
State Auditor

Mike.Foley@nebraska.gov  
P.O. Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
www.auditors.state.ne.us

March 14, 2012

Board of Commissioners  
Nemaha County, Nebraska

Dear Commissioners:

We have audited the basic financial statements of Nemaha County (County) for the fiscal year ended June 30, 2011, and have issued our report thereon dated March 14, 2012. 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 areas as follows:

## **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 had a lack of segregation of duties since 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**

Neb. Rev. Stat. § 69-1307.01 (Reissue 2009) states that personal property held by public entities or political subdivisions which remained unclaimed for more than three years is presumed abandoned. Neb. Rev. Stat. § 69-1310 (Reissue 2009) requires 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 followed up on to determine if they should still be active or not.

During our audit, we noted the following offices held funds which had remained unclaimed for more than three years and had not been remitted to the State Treasurer in accordance with the Unclaimed Property Act:

- Clerk of District Court - 33 checks totaling \$2,016.
- County Treasurer - four checks totaling \$43 and one trust balance for \$100.

We recommend all personal property, including uncashed checks and unclaimed trust balances, which remain unclaimed for more than three years be remitted to the State Treasurer in accordance with the Unclaimed Property Act.

---

## **COUNTY BOARD**

---

### **Payroll Withholdings**

During testing of payroll claims, we noted the following:

- One individual who was paid from multiple budget functions did not have the correct amount of withholding taxes withheld per the information provided on the employee's W-4. Federal withholding taxes were under-withheld \$141 and State withholding taxes were under-withheld \$43 for the month tested.
- One individual had \$187 a month deducted from paychecks for garnishment; however, documentation on file showed the amount should have been \$207 a month effective December 2010. The amount of the deduction was corrected in July 2011.

Internal Revenue Service (IRS) Publication 15 (Circular E), *2011 Employer's Tax Guide*, outlines an employer's responsibility to withhold Federal income tax based on each employee's W-4 form. In addition, sound accounting practices and a good internal control plan require withholdings from payroll agree to supporting documentation.

We recommend the County Board implement procedures to ensure Federal income taxes are withheld according to IRS' Circular E and the information provided by employees on the W-4 forms. We also recommend the County ensure all deductions from payroll are adequately supported.

## **Contract Overpayment**

During testing we noted the County over-paid a contractor for masonry work on the courthouse by \$1,800. This overpayment occurred due to a transposition error on the final invoice.

Good internal controls and sound accounting practices require procedures be in place to ensure payments for services agree to the contracted amount. When payments are not in compliance with the contracts, there is an increased risk of loss or misuse of County funds.

We recommend the County implement procedures to ensure all payments agree to approved contracted amounts. We also recommend the County Board request a reimbursement for the overpayment on the contract.

## **Bidding Requirements**

During fiscal year 2011, the County acted as a fiscal agent for the receipts and disbursements related to the purchase and building of a Veterans' Memorial. As the County was acting as a fiscal agent only, the County Board was not involved in the process of selecting vendors for the purchase of materials. The Veterans' Service Council selected the vendors for the purchase of all materials related to this project, submitted the claims to the County, and the County Board approved the claims for payment from donations previously received. During the selection of the vendor for granite used in the memorial, the Veterans' Service Council failed to follow the proper procedures as outlined in the County Purchasing Act, and no bids were taken. Because the County Board was ultimately responsible for approving the claim, all bidding requirements applicable to the County should have been followed. Cost of the granite purchase was \$40,000.

Neb. Rev. Stat. § 23-3108 (Reissue 2007) states, "...purchases of personal property or services by the county board or purchasing agent shall be made: (a) Through the competitive sealed bidding process prescribed in section 23-3111 if the estimated value of the purchase is twenty thousand dollars or more." When bidding requirements are not followed, the County is not in compliance with State statute.

We recommend the County Board ensure bidding requirements are followed on all purchases made through the County.

## **CLERK OF THE DISTRICT COURT**

---

### **Monthly Report Review**

During testing of the June 30, 2011, Monthly Case Balance Report we noted the following:

- Six of seven case balances tested, totaling \$1,450, were not in compliance with the Unclaimed Property Act.
- Three case balances tested, totaling \$1,727, were over five years old and had not been followed up on to determine disposition.
- The June 30, 2011, report noted 243 cases totaling \$40,988, some cases were over ten years old.

Neb. Rev. Stat. § 69-1307.01 (Reissue 2009) states that personal property held by public entities or political subdivisions which has remained unclaimed for more than three years is presumed abandoned. Neb. Rev. Stat. § 69-1310 (Reissue 2009) requires such items be reported to the Nebraska State Treasurer before November 1<sup>st</sup> of each year as of June 30 next proceeding. Good internal controls require the Clerk of the District Court have procedures in place which provide ongoing, detailed review of all monthly financial reports including the Monthly Case Balance Report. In addition, sound accounting practices require proper actions be taken to follow-up on old case balances.

When the Clerk of the District Court's monthly reports are not consistently reviewed in a timely manner, there is an increased risk of errors, omissions, and/or irregularities which would not be detected and/or resolved in a timely manner. In addition, when all unclaimed property is not remitted to the State Treasurer in accordance with the Unclaimed Property Act, the District Court is not in compliance with State statute.

We recommend the Clerk of the District Court review the Monthly Case Balance Report on a monthly basis to ensure that all case balances are proper and current and remit all unclaimed property to the State Treasurer.

## **COUNTY SHERIFF**

---

### **Sheriff Balancing Procedures**

We noted at June 30, 2011, office records indicated assets exceeded liabilities by \$3,340.

Sound accounting practice and good internal control require procedures be in place to ensure office assets (cash on hand, reconciled bank balance, accounts receivable, etc.) are in agreement with office liabilities (fees and trust accounts) on at least a monthly basis. Balancing procedures should include the timely identification and resolution of all variances noted.

Failure to determine asset-to-liability balancing variances can result in an increased risk of loss, theft, or misuse of funds, allowing errors to more easily go undetected.

We recommend the County Sheriff implement documented monthly balancing procedures and follow up on all unexplained variances in a timely manner. Amounts determined to be excess or unknown balances should be remitted to the County Treasurer.

### **Fee Approval**

We noted the County Sheriff's office charges the following fees which were not set by State statute or the County Board:

- \$15 per day for prisoner work release.
- \$50 per day for boarding of prisoners.

Neb. Rev. Stat. § 23-106 (Reissue 2007) assigns the responsibility to the County Board for managing the County funds and County business. In addition, good internal control and sound accounting practice requires fees be set by the County Board and documented in board minutes.

When the County Board is not approving fees charged, there is an increased risk of the loss or misuse of County funds.

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

---

## **COUNTY TREASURER**

---

### **Manual Change Audit Listing**

The County Treasurer's office did not review the Manual Change Audit Listing Report generated by the Department of Motor Vehicle's title and registration (VTR) system. This report details all manual changes and overrides performed by employees.

Good internal control requires review of any edit and/or change reports generated by the various computer systems used by the County Treasurer's office in order to timely identify and properly investigate, if necessary, any unusual transactions.

When all available edit and/or change reports are not reviewed in a timely manner, there is an increased risk of unusual transactions not being identified with appropriate follow up action taken.

We recommend the County Treasurer review the VTR Manual Change Audit Listing Report each month for reasonableness of the manual changes and overrides performed by office employees.

---

## **COUNTY ATTORNEY**

---

### **Excess Balance**

At June 30, 2011, the County Attorney had an unknown trust balance of \$4,802.

Sound accounting practice and good internal control require procedures be in place to ensure office assets (cash on hand, reconciled bank balance, accounts receivable, etc.) are in agreement with office liabilities (fees and trust accounts) on at least a monthly basis. Balancing procedures should include the timely identification and resolution of all variances noted.

When all monies received are not appropriately accounted for and there is a failure to determine asset-to-liability balancing variances, there is an increased risk of loss, theft, or misuse of funds allowing errors to more easily go undetected.

We recommend the County Attorney review monies held in trust and remit any balance which cannot be accounted for to the County Treasurer.

\* \* \* \* \*

It should be noted this report is critical in nature since it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any strong features of the County.

Draft copies of this report were furnished to the County to provide them an opportunity to review the report and to respond to the comments and recommendations included in this report. All formal responses received have been incorporated into this report. Where no response has been included, the County declined to respond. Responses have been objectively evaluated and recognized, as appropriate, in the report. Responses that indicate corrective action has been taken were not verified at this time, but will be verified in the next audit.

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 is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Signed Original on File

Deann Haeffner, CPA  
Assistant Deputy Auditor