

**AUDIT REPORT
OF
ANTELOPE COUNTY**

JULY 1, 2013 THROUGH JUNE 30, 2014

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Issued on October 23, 2014

ANTELOPE COUNTY

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ANTELOPE COUNTY

LIST OF COUNTY OFFICIALS

At June 30, 2014

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jerald Schwager	Board of Supervisors	Jan. 2015
Neil Williby		Jan. 2015
Larry Baker		Jan. 2015
LeRoy Kerkman		Jan. 2015
Harlan Brandt		Jan. 2017
Charles Henery		Jan. 2017
Merlin Bolling		Jan. 2017
Heather McWhorter	Assessor	Jan. 2015
Joseph Abler	Attorney	Jan. 2015
Carolyn Pedersen	Clerk Election Commissioner Register of Deeds	Jan. 2015
Judy Cole	Clerk of the District Court	Jan. 2015
Robert Moore	Sheriff	Jan. 2015
Sandy Knapp	Treasurer	Jan. 2015
Ronald Marshall	Veterans' Service Officer	Appointed
Bruce Ofe	Weed Superintendent	Appointed
Brian McDonald	Highway Superintendent	Appointed
Charlayne Carpenter	Planning/Zoning	Appointed
Faythe Petersen	Emergency Manager	Appointed



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ANTELOPE COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Antelope 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 Antelope County, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and aggregate remaining fund information of Antelope County as of June 30, 2014, 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.

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, schedule of expenditures of Federal awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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, schedule of expenditures of Federal awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and schedule of taxes certified and collected, Pages 21 - 32, 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.

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2014, on our consideration of Antelope 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 Antelope County's internal control over financial reporting and compliance.



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

October 22, 2014

ANTELOPE COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2014

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 7,703,280
TOTAL ASSETS	<u><u>\$ 7,703,280</u></u>
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 53,557
Preservation of Records	3,487
Debt Service	49,835
Unrestricted	7,596,401
TOTAL NET POSITION	<u><u>\$ 7,703,280</u></u>

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

ANTELOPE COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended June 30, 2014

Functions:	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ (1,873,146)	\$ 319,124	\$ 18,599	\$ (1,535,423)
Public Safety	(838,802)	97,653	436,721	(304,428)
Public Works	(4,632,563)	125,643	1,502,702	(3,004,218)
Public Assistance	(70,245)	-	14,634	(55,611)
Culture and Recreation	(31,182)	-	-	(31,182)
Capital Outlay	(2,341,856)	-	-	(2,341,856)
Total Governmental Activities	<u><u>\$ (9,787,794)</u></u>	<u><u>\$ 542,420</u></u>	<u><u>\$ 1,972,656</u></u>	<u><u>(7,272,718)</u></u>

General Receipts:

Property Taxes	4,508,650
Grants and Contributions Not Restricted to Specific Programs	440,227
Investment Income	14,657
Licenses and Permits	31,974
Bond Proceeds	7,327,088
Miscellaneous	63,093
Total General Receipts	<u>12,385,689</u>
 Increase in Net Position	 5,112,971
Net Position - Beginning of year	2,590,309
Net Position - End of year	<u><u>\$ 7,703,280</u></u>

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

ANTELOPE COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
June 30, 2014

	General Fund	Road Fund	Inheritance Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents (Note 1.D)	\$ 1,448,707	\$ 1,281,582	\$ 1,554,045	\$ 3,267,644	\$ 151,302	\$ 7,703,280
TOTAL ASSETS	\$ 1,448,707	\$ 1,281,582	\$ 1,554,045	\$ 3,267,644	\$ 151,302	\$ 7,703,280
FUND BALANCES						
Restricted for:						
Visitor Promotion	-	-	-	-	53,557	53,557
Preservation of Records	-	-	-	-	3,487	3,487
Debt Service	-	-	-	-	49,835	49,835
Committed to:						
Law Enforcement	-	-	-	-	7,635	7,635
Road Maintenance	-	1,281,582	-	-	-	1,281,582
Aid and Assistance	-	-	-	-	22,457	22,457
County Buildings	-	-	-	3,267,644	-	3,267,644
Property Appraisal	-	-	-	-	14,331	14,331
Assigned to:						
Other Purposes	-	-	1,554,045	-	-	1,554,045
Unassigned	1,448,707	-	-	-	-	1,448,707
TOTAL CASH BASIS FUND BALANCES	\$ 1,448,707	\$ 1,281,582	\$ 1,554,045	\$ 3,267,644	\$ 151,302	\$ 7,703,280

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

ANTELOPE COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

	General Fund	Road Fund	Inheritance Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS						
Property Taxes	\$3,787,242	\$ -	\$ 632,180	\$ 24,134	\$ 65,094	\$ 4,508,650
Licenses and Permits	31,974	-	-	-	-	31,974
Interest	14,657	-	-	-	-	14,657
Intergovernmental	285,615	2,123,721	-	2,183	1,364	2,412,883
Charges for Services	407,833	125,643	-	-	8,944	542,420
Miscellaneous	10,282	1,546,366	-	5,833,533	-	7,390,181
TOTAL RECEIPTS	<u>4,537,603</u>	<u>3,795,730</u>	<u>632,180</u>	<u>5,859,850</u>	<u>75,402</u>	<u>14,900,765</u>
DISBURSEMENTS						
General Government	1,856,496	-	-	-	16,650	1,873,146
Public Safety	661,553	-	174,810	-	2,439	838,802
Public Works	93,024	4,017,347	522,192	-	-	4,632,563
Public Assistance	68,245	-	-	-	2,000	70,245
Culture and Recreation	26,082	-	-	-	5,100	31,182
Capital Outlay	-	-	-	2,341,856	-	2,341,856
TOTAL DISBURSEMENTS	<u>2,705,400</u>	<u>4,017,347</u>	<u>697,002</u>	<u>2,341,856</u>	<u>26,189</u>	<u>9,787,794</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,832,203</u>	<u>(221,617)</u>	<u>(64,822)</u>	<u>3,517,994</u>	<u>49,213</u>	<u>5,112,971</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	1,500,000	329,036	-	1,273	1,830,309
Transfers out	(1,500,000)	-	(1,273)	(329,036)	-	(1,830,309)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,500,000)</u>	<u>1,500,000</u>	<u>327,763</u>	<u>(329,036)</u>	<u>1,273</u>	<u>-</u>
Net Change in Fund Balances	332,203	1,278,383	262,941	3,188,958	50,486	5,112,971
CASH BASIS FUND BALANCES - BEGINNING						
	<u>1,116,504</u>	<u>3,199</u>	<u>1,291,104</u>	<u>78,686</u>	<u>100,816</u>	<u>2,590,309</u>
CASH BASIS FUND BALANCES - ENDING						
	<u>\$1,448,707</u>	<u>\$1,281,582</u>	<u>\$ 1,554,045</u>	<u>\$ 3,267,644</u>	<u>\$ 151,302</u>	<u>\$ 7,703,280</u>

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

The General Fund Beginning Balance was adjusted to reflect the accurate balance.

ANTELOPE COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - CASH BASIS
FIDUCIARY FUNDS
 June 30, 2014

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 417,503
 LIABILITIES	
Due to other governments	
State	148,014
Schools	(44,111)
Educational Service Units	(2,752)
Technical College	(18,513)
Natural Resource Districts	(4,234)
Fire Districts	2,529
Municipalities	43,762
Agricultural Society	(1,541)
Townships	198,967
Airport Authority	(390)
Others	95,772
TOTAL LIABILITIES	417,503
 TOTAL NET ASSETS	 \$ -

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

ANTELOPE COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2014

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

Antelope 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.

As required by Generally Accepted Accounting Principles (GAAP), these financial statements present the County (the primary government). No component units were identified.

Joint Organization.

Behavioral Health Region IV – 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 IV (Region) consists of the following counties: Cherry, Keya Paha, Boyd, Brown, Rock, Holt, Knox, Cedar, Dixon, Dakota, Thurston, Wayne, Pierce, Antelope, Boone, Nance, Madison, Stanton, Cuming, Burt, Colfax, and Platte.

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 \$28,173 toward the operation of the Region during fiscal year 2014. 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.

ANTELOPE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

Health Department – The County has entered into an agreement with North Central District 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. 2012, Laws 2014, LB 759, §19).

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 2014. 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) (Laws 2014, LB 759, §21). Financial information for the Department is available in that report.

Antelope County 911 Emergency Service System – The County has entered into an agreement with the Antelope County 911 Emergency Service System (System) to establish a countywide 911 service. Participating members of the System are the cities of Neligh and Elgin, and the villages of Oakdale, Clearwater, Brunswick, Orchard and Royal. The agreement was established under authority of the Interlocal Cooperation Act.

The System's governing board is established per the agreement and includes representatives from each of the participating member entities. The System receives 911 surcharges collected by the State and telephone companies. The County did not contribute toward the operation of the System during fiscal year 2014. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The System had an Agreed Upon Procedures performed on its financial schedule. Financial information for the System is available in that report.

B. Basis of Presentation

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

ANTELOPE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

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.

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.

Building Fund. This fund accounts for all resources received and used for the capital projects of the new Law Enforcement Building.

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.

ANTELOPE COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

Debt Service Funds. The *Courthouse Bond Fund* accounts for the resources for, and the payment of, general long-term debt principal, interest, and related costs.

The County designates fund balances as:

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

ANTELOPE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

resources measurement focus and the modified accrual basis of accounting. Under this measurement focus and basis of accounting, receipts are recognized as soon as they are both measurable and available. Receipts are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Disbursements are generally recorded when a liability is incurred, as under accrual accounting. However, disbursements related to compensated absences and claims and judgments are recorded only when payment is due.

D. Assets and Net Position

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

ANTELOPE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Restricted Net Position. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$106,879 of restricted net position, of which \$57,044 is restricted by enabling legislation.

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

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.

Deficit fund balance. Multiple Fiduciary funds had deficit fund balances as of June 30, 2014, due to the erroneous distribution of the Property Tax Credit. The distribution error affected County fund balances by \$87,728 and fiduciary fund balances by \$419,916, for a total of \$507,644. Fund balances were adjusted.

Beginning fund balance. The General Fund beginning fund balance was increased by \$175,000 to more accurately reflect the balance the County Treasurer was holding in a depository.

ANTELOPE 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 \$7,703,280 for County funds and \$417,503 for fiduciary funds. The bank balances for all funds totaled \$8,070,092. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2014, 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.

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 2013, for the 2013 taxes, which will be materially collected in May and September 2014, was set at \$.215411/\$100 of assessed valuation. The levy set in October 2012, for the 2012 taxes, which were materially collected in May and September 2013, was set at \$.269171/\$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, Supp. 2013, Laws 2014, LB 759, §16) and may be amended through legislative action.

ANTELOPE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

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. 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, 2014, 81 employees contributed \$84,109, and the County contributed \$125,358. Contributions included \$1,604 in cash contributions towards the supplemental law enforcement plan for seven law enforcement employees. Lastly, the County paid \$2,284 directly to 15 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 79 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

ANTELOPE COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

5. Risk Management (Concluded)

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.

	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 2015. 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, 2014, consisted of the following:

Transfers to	General Fund	Inheritance Fund	Building Fund	Total
Road Fund	\$ 1,500,000	\$ -	\$ -	\$ 1,500,000
Inheritance Fund	-	-	329,036	329,036
Nonmajor Funds	-	1,273	-	1,273
Total	\$ 1,500,000	\$ 1,273	\$ 329,036	\$ 1,830,309

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.

ANTELOPE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

6. **Interfund Transfers** (Concluded)

In the year ended June 30, 2014, the County made a one-time transfer of \$329,036 from the Building Fund to the Inheritance Fund for reimbursement of expenses for the new law enforcement building incurred prior to bond money being received.

7. **Capital Leases Payable**

Changes to the commitments under a lease agreement for equipment and amounts to provide for annual rental payments are as follows:

	Asphalt Recycler	Case 621E Wheel Loader	John Deere Motor Grader	Total
Balance July 1, 2013	\$ 144,779	\$ 41,712	\$ -	\$ 186,491
Purchases	-	-	268,004	268,004
Payments	95,017	40,153	32,137	167,307
Balance June 30, 2014	<u>\$ 49,762</u>	<u>\$ 1,559</u>	<u>\$ 235,867</u>	<u>\$ 287,188</u>

Future Payments:

Year				Total
2015	\$ -	\$ 3,013	\$ 138,267	\$ 141,280
2016	51,328	-	103,701	155,029
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020-2024	-	-	-	-
Total Payments	51,328	3,013	241,968	296,309
Less Interest	1,566	1,454	6,101	9,121
Present Value of Future Minimum Lease Payments	<u>\$ 49,762</u>	<u>\$ 1,559</u>	<u>\$ 235,867</u>	<u>\$ 287,188</u>
Carrying Value of the Related Fixed Asset	<u>\$ 239,500</u>	<u>\$ 121,712</u>	<u>\$ 268,004</u>	<u>\$ 629,216</u>

8. **Long-Term Debt**

Law Enforcement Facility Bond

The County issued bonds on November 26, 2013, in the amount of \$5,910,000 for the purpose of paying the costs of a new law enforcement facility. The bond payable balance, as of June 30, 2014, was \$5,910,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Future tax resources will be used to pay off the bonds.

ANTELOPE COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

8. Long-Term Debt (Concluded)

Future Payments:

Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 350,000	\$ 145,300	\$ 495,300
2016	350,000	143,463	493,463
2017	355,000	140,815	495,815
2018	355,000	137,087	492,807
2019	360,000	132,258	492,258
2020-2024	1,915,000	538,945	2,453,945
2025-2029	2,225,000	216,661	2,441,661
Total Payments	<u>\$ 5,910,000</u>	<u>\$ 1,454,529</u>	<u>\$ 7,364,529</u>

Highway Allocation Bond

The County issued bonds on October 4, 2013, in the amount of \$1,500,000 for the purpose of paying the costs of FEMA alternative road improvement projects. The bond payable balance, as of June 30, 2014, was \$1,500,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Future Highway Allocation Funds will be used to pay off the bonds.

Future Payments:

Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,500,000	\$ 3,000	\$ 1,503,000
Total Payments	<u>\$ 1,500,000</u>	<u>\$ 3,000</u>	<u>\$ 1,503,000</u>

ANTELOPE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 3,701,149	\$ 3,701,149	\$ 3,787,242	\$ 86,093
Licenses and Permits	35,600	35,600	31,974	(3,626)
Interest	15,000	15,000	14,657	(343)
Intergovernmental	48,365	48,365	285,615	237,250
Charges for Services	329,135	329,135	407,833	78,698
Miscellaneous	14,200	14,200	10,282	(3,918)
TOTAL RECEIPTS	4,143,449	4,143,449	4,537,603	394,154
DISBURSEMENTS				
General Government:				
County Board	95,400	95,400	90,389	5,011
County Clerk	121,699	121,699	119,836	1,863
County Treasurer	124,081	125,545	125,545	-
County Assessor	121,526	121,526	104,815	16,711
Election Commissioner	34,215	34,215	21,501	12,714
Planning and Zoning	11,570	11,828	11,828	-
Clerk of the District Court	87,451	87,451	84,264	3,187
County Judge	3,750	3,750	1,210	2,540
District Judge	5,500	5,500	4,745	755
Building and Grounds	104,750	104,750	102,391	2,359
Agricultural Extension Agent	43,980	43,980	41,785	2,195
Unemployment Compensation	15,000	15,000	4,237	10,763
Miscellaneous	1,255,059	1,253,337	1,143,950	109,387
Public Safety				
County Sheriff	565,789	565,789	563,489	2,300
County Attorney	90,826	90,826	82,027	8,799
Miscellaneous	16,037	16,037	16,037	-
Public Works				
Noxious Weed Control	112,325	112,325	93,024	19,301
Public Assistance				
Veterans' Service Officer	30,466	30,466	29,899	567
Relief	5,000	5,000	4,000	1,000
Institutions	4,500	4,500	2,181	2,319
Miscellaneous	32,165	32,165	32,165	-

(Continued)

ANTELOPE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DISBURSEMENTS (Continued)				
Culture and Recreation				
Historical Society	8,175	13,802	13,802	-
Miscellaneous	17,908	12,281	12,280	1
TOTAL DISBURSEMENTS	<u>2,907,172</u>	<u>2,907,172</u>	<u>2,705,400</u>	<u>201,772</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,236,277</u>	<u>1,236,277</u>	<u>1,832,203</u>	<u>595,926</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(1,977,781)	(1,977,781)	(1,500,000)	477,781
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,977,781)</u>	<u>(1,977,781)</u>	<u>(1,500,000)</u>	<u>477,781</u>
Net Change in Fund Balance	(741,504)	(741,504)	332,203	1,073,707
FUND BALANCE - BEGINNING	<u>1,116,504</u>	<u>1,116,504</u>	<u>1,116,504</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 375,000</u>	<u>\$ 375,000</u>	<u>\$ 1,448,707</u>	<u>\$ 1,073,707</u>

(Concluded)

ANTELOPE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 3,116,657	\$ 3,116,657	\$ 2,123,721	\$ (992,936)
Charges for Services	95,000	95,000	125,643	30,643
Miscellaneous	8,000	8,000	1,546,366	1,538,366
TOTAL RECEIPTS	<u>3,219,657</u>	<u>3,219,657</u>	<u>3,795,730</u>	<u>576,073</u>
DISBURSEMENTS	<u>5,200,637</u>	<u>5,200,637</u>	<u>4,017,347</u>	<u>1,183,290</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(1,980,980)</u>	<u>(1,980,980)</u>	<u>(221,617)</u>	<u>1,759,363</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,977,781	1,977,781	1,500,000	(477,781)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,977,781</u>	<u>1,977,781</u>	<u>1,500,000</u>	<u>(477,781)</u>
Net Change in Fund Balance	(3,199)	(3,199)	1,278,383	1,281,582
FUND BALANCE - BEGINNING	3,199	3,199	3,199	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,281,582</u>	<u>\$ 1,281,582</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 208,896	\$ 208,896	\$ 632,180	\$ 423,284
TOTAL RECEIPTS	<u>208,896</u>	<u>208,896</u>	<u>632,180</u>	<u>423,284</u>
DISBURSEMENTS	<u>1,500,000</u>	<u>1,500,000</u>	<u>697,002</u>	<u>802,998</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(1,291,104)</u>	<u>(1,291,104)</u>	<u>(64,822)</u>	<u>1,226,282</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	329,036	329,036
Transfers out	-	-	(1,273)	(1,273)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>327,763</u>	<u>327,763</u>
Net Change in Fund Balance	(1,291,104)	(1,291,104)	262,941	1,554,045
FUND BALANCE - BEGINNING	1,291,104	1,291,104	1,291,104	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,554,045</u>	<u>\$ 1,554,045</u>

(Continued)

ANTELOPE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUILDING FUND				
RECEIPTS				
Taxes	\$ 36,039	\$ 36,039	\$ 24,134	\$ (11,905)
Intergovernmental	275	275	2,183	1,908
Miscellaneous	5,800,000	5,800,000	5,833,533	33,533
TOTAL RECEIPTS	<u>5,836,314</u>	<u>5,836,314</u>	<u>5,859,850</u>	<u>23,536</u>
DISBURSEMENTS	<u>5,900,000</u>	<u>5,900,000</u>	<u>2,341,856</u>	<u>3,558,144</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(63,686)</u>	<u>(63,686)</u>	<u>3,517,994</u>	<u>3,581,680</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(329,036)	(329,036)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(329,036)</u>	<u>(329,036)</u>
Net Change in Fund Balance	(63,686)	(63,686)	3,188,958	3,252,644
FUND BALANCE - BEGINNING	78,686	78,686	78,686	-
FUND BALANCE - ENDING	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 3,267,644</u>	<u>\$ 3,252,644</u>

(Concluded)

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

For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>VISITORS PROMOTION FUND</u>				
RECEIPTS	\$ 7,831	\$ 7,831	\$ 5,758	\$ (2,073)
DISBURSEMENTS	30,000	30,000	2,100	27,900
Net Change in Fund Balance	(22,169)	(22,169)	3,658	25,827
FUND BALANCE - BEGINNING	22,169	22,169	22,169	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,827</u>	<u>\$ 25,827</u>
<u>VISITORS IMPROVEMENT FUND</u>				
RECEIPTS	\$ 5,029	\$ 5,029	\$ 5,759	\$ 730
DISBURSEMENTS	30,000	30,000	3,000	27,000
Net Change in Fund Balance	(24,971)	(24,971)	2,759	27,730
FUND BALANCE - BEGINNING	24,971	24,971	24,971	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,730</u>	<u>\$ 27,730</u>
<u>REAPPRAISAL FUND</u>				
RECEIPTS	\$ 12,959	\$ 12,959	\$ 15,187	\$ 2,228
DISBURSEMENTS	19,250	19,250	10,147	9,103
Net Change in Fund Balance	(6,291)	(6,291)	5,040	11,331
FUND BALANCE - BEGINNING	9,291	9,291	9,291	-
FUND BALANCE - ENDING	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 14,331</u>	<u>\$ 11,331</u>
<u>REGISTER OF DEEDS PRESERVATION FUND</u>				
RECEIPTS	\$ 6,879	\$ 6,879	\$ 6,869	\$ (10)
DISBURSEMENTS	10,000	10,000	6,503	3,497
Net Change in Fund Balance	(3,121)	(3,121)	366	3,487
FUND BALANCE - BEGINNING	3,121	3,121	3,121	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,487</u>	<u>\$ 3,487</u>

(Continued)

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

For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VETERANS' AID FUND				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	21,457	21,457	2,000	19,457
Net Change in Fund Balance	(21,457)	(21,457)	(2,000)	19,457
FUND BALANCE - BEGINNING	24,457	24,457	24,457	-
FUND BALANCE - ENDING	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 22,457</u>	<u>\$ 19,457</u>
STOP PROGRAM FUND				
RECEIPTS	\$ -	\$ -	\$ 2,075	\$ 2,075
DISBURSEMENTS	5,086	5,086	1,166	3,920
Net Change in Fund Balance	(5,086)	(5,086)	909	5,995
FUND BALANCE - BEGINNING	5,086	5,086	5,086	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,995</u>	<u>\$ 5,995</u>
FEDERAL GRANTS FUND				
RECEIPTS	\$ 26,500	\$ 26,500	\$ -	\$ (26,500)
DISBURSEMENTS	26,500	26,500	1,273	25,227
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	1,273	1,273
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>1,273</u>	<u>1,273</u>
Net Change in Fund Balance	-	-	-	-
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

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

For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DRUG FORFEITURE FUND				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	1,640	1,640	-	1,640
Net Change in Fund Balance	(1,640)	(1,640)	-	1,640
FUND BALANCE - BEGINNING	1,640	1,640	1,640	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,640</u>	<u>\$ 1,640</u>
COURTHOUSE BOND FUND				
RECEIPTS	\$ -	\$ -	\$ 39,754	\$ 39,754
DISBURSEMENTS	10,081	10,081	-	10,081
Net Change in Fund Balance	(10,081)	(10,081)	39,754	49,835
FUND BALANCE - BEGINNING	10,081	10,081	10,081	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,835</u>	<u>\$ 49,835</u>

(Concluded)

ANTELOPE COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

	Visitors Promotion Fund	Visitors Improvement Fund	Reappraisal Fund	Register of Deeds Preservation Fund	Veterans' Aid Fund
RECEIPTS					
Property Taxes	\$ 5,758	\$ 5,759	\$ 14,332	\$ -	\$ -
Intergovernmental	-	-	855	-	-
Charges for Services	-	-	-	6,869	-
TOTAL RECEIPTS	<u>5,758</u>	<u>5,759</u>	<u>15,187</u>	<u>6,869</u>	<u>-</u>
DISBURSEMENTS					
General Government	-	-	10,147	6,503	-
Public Safety	-	-	-	-	-
Public Assistance	-	-	-	-	2,000
Culture and Recreation	2,100	3,000	-	-	-
TOTAL DISBURSEMENTS	<u>2,100</u>	<u>3,000</u>	<u>10,147</u>	<u>6,503</u>	<u>2,000</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>3,658</u>	<u>2,759</u>	<u>5,040</u>	<u>366</u>	<u>(2,000)</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	3,658	2,759	5,040	366	(2,000)
FUND BALANCES - BEGINNING	<u>22,169</u>	<u>24,971</u>	<u>9,291</u>	<u>3,121</u>	<u>24,457</u>
FUND BALANCES - ENDING	<u>\$ 25,827</u>	<u>\$ 27,730</u>	<u>\$ 14,331</u>	<u>\$ 3,487</u>	<u>\$ 22,457</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	25,827	27,730	-	-	-
Preservation of Records	-	-	-	3,487	-
Debt Service	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Aid and Assistance	-	-	-	-	22,457
Property Appraisal	-	-	14,331	-	-
TOTAL FUND BALANCES	<u>\$ 25,827</u>	<u>\$ 27,730</u>	<u>\$ 14,331</u>	<u>\$ 3,487</u>	<u>\$ 22,457</u>

(Continued)

ANTELOPE COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

	STOP Program Fund	Federal Grants Fund	Drug Forfeiture Fund	Courthouse Bond Fund	Total Nonmajor Governmental Funds
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ -	\$ 39,245	\$ 65,094
Intergovernmental	-	-	-	509	1,364
Charges for Services	2,075	-	-	-	8,944
TOTAL RECEIPTS	<u>2,075</u>	<u>-</u>	<u>-</u>	<u>39,754</u>	<u>75,402</u>
DISBURSEMENTS					
General Government	-	-	-	-	16,650
Public Safety	1,166	1,273	-	-	2,439
Public Assistance	-	-	-	-	2,000
Culture and Recreation	-	-	-	-	5,100
TOTAL DISBURSEMENTS	<u>1,166</u>	<u>1,273</u>	<u>-</u>	<u>-</u>	<u>26,189</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>909</u>	<u>(1,273)</u>	<u>-</u>	<u>39,754</u>	<u>49,213</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	1,273	-	-	1,273
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>1,273</u>	<u>-</u>	<u>-</u>	<u>1,273</u>
Net Change in Fund Balances	909	-	-	39,754	50,486
FUND BALANCES - BEGINNING	<u>5,086</u>	<u>-</u>	<u>1,640</u>	<u>10,081</u>	<u>100,816</u>
FUND BALANCES - ENDING	<u>\$ 5,995</u>	<u>\$ -</u>	<u>\$ 1,640</u>	<u>\$ 49,835</u>	<u>\$ 151,302</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	53,557
Preservation of Records	-	-	-	-	3,487
Debt Service	-	-	-	49,835	49,835
Committed to:					
Law Enforcement	5,995	-	1,640	-	7,635
Aid and Assistance	-	-	-	-	22,457
Property Appraisal	-	-	-	-	14,331
TOTAL FUND BALANCES	<u>\$ 5,995</u>	<u>\$ -</u>	<u>\$ 1,640</u>	<u>\$ 49,835</u>	<u>\$ 151,302</u>

(Concluded)

ANTELOPE COUNTY
SCHEDULE OF ACTIVITIES
For the Year Ended June 30, 2014

	<u>County Clerk</u>	<u>Clerk of the District Court</u>	<u>County Sheriff</u>	<u>County Attorney</u>	<u>Weed Superintendent</u>	<u>Veterans' Service Officer</u>	<u>Total</u>
BALANCES JULY 1, 2013	\$ 10,844	\$ 16,262	\$ 3,509	\$ 5,523	\$ 3,565	\$ 1,850	\$ 41,553
RECEIPTS							
Licenses and Permits	-	-	659	-	-	-	659
Intergovernmental	-	-	-	-	-	2,000	2,000
Charges for Services	72,174	10,319	106,666	2,815	3,897	-	195,871
Miscellaneous	-	-	2,577	-	276	2	2,855
State Fees	82,754	6,249	-	-	-	-	89,003
Other Liabilities	443	244,660	49,095	14,718	-	-	308,916
TOTAL RECEIPTS	<u>155,371</u>	<u>261,228</u>	<u>158,997</u>	<u>17,533</u>	<u>4,173</u>	<u>2,002</u>	<u>599,304</u>
DISBURSEMENTS							
Payments to County Treasurer	74,169	9,788	93,848	3,805	6,369	-	187,979
Payments to State Treasurer	84,374	6,549	-	-	-	-	90,923
Other Liabilities	443	194,757	59,317	6,276	276	-	261,069
TOTAL DISBURSEMENTS	<u>158,986</u>	<u>211,094</u>	<u>153,165</u>	<u>10,081</u>	<u>6,645</u>	<u>-</u>	<u>539,971</u>
BALANCES JUNE 30, 2014	<u>\$ 7,229</u>	<u>\$ 66,396</u>	<u>\$ 9,341</u>	<u>\$ 12,975</u>	<u>\$ 1,093</u>	<u>\$ 3,852</u>	<u>\$ 100,886</u>
BALANCES CONSIST OF:							
Due to County Treasurer	\$ 3,942	\$ 1,327	\$ 9,014	\$ 715	\$ 993	\$ 3,852	\$ 19,843
Petty Cash	30	250	176	600	100	-	1,156
Due to State Treasurer	3,257	353	-	-	-	-	3,610
Due to Others	-	64,466	151	11,660	-	-	76,277
BALANCES JUNE 30, 2014	<u>\$ 7,229</u>	<u>\$ 66,396</u>	<u>\$ 9,341</u>	<u>\$ 12,975</u>	<u>\$ 1,093</u>	<u>\$ 3,852</u>	<u>\$ 100,886</u>

ANTELOPE COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2014

Item	2009	2010	2011	2012	2013
Tax Certified by Assessor					
Real Estate	\$ 14,151,941	\$ 15,385,101	\$ 16,333,933	\$ 18,116,467	\$ 19,439,141
Personal and Specials	1,209,445	1,271,178	1,395,663	1,678,827	1,834,483
Total	15,361,386	16,656,279	17,729,596	19,795,294	21,273,624
Corrections					
Additions	18,093	17,252	12,950	13,825	7,042
Deductions	(26,843)	(24,322)	(23,288)	(38,258)	(24,456)
Net Additions/ (Deductions)	(8,750)	(7,070)	(10,338)	(24,433)	(17,414)
Corrected Certified Tax	15,352,636	16,649,209	17,719,258	19,770,861	21,256,210
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2010	9,093,899	-	-	-	-
June 30, 2011	6,222,818	9,997,281	-	-	-
June 30, 2012	10,116	6,607,315	10,806,327	-	-
June 30, 2013	10,072	23,634	6,889,823	12,446,405	-
June 30, 2014	4,859	7,192	12,752	7,298,786	13,385,858
Total Net Collections	15,341,764	16,635,422	17,708,902	19,745,191	13,385,858
Total Uncollected Tax	\$ 10,872	\$ 13,787	\$ 10,356	\$ 25,670	\$ 7,870,352
Percentage Uncollected Tax	0.07%	0.08%	0.06%	0.13%	37.03%

ANTELOPE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number		Federal Expenditures
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through Nebraska Military Department			
Disaster Grants - Public Assistance*	97.036	*	574,671
Total U.S. Department of Homeland Security			<u>574,671</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Nebraska Department of Health and Human Services			
Child Support Enforcement	93.563		17,166
Medical Assistance Program	93.778		14,634
Total U.S. Department of Health and Human Services			<u>31,800</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 606,471</u></u>

* Represents Major Program.

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

ANTELOPE COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2014

1. General

The accompanying schedule of expenditures of Federal awards (Schedule) presents the activity of all Federal awards programs of Antelope County (County), except as noted in Note 2 below. The County's reporting entity is defined in Note 1.A. to the County's financial statements. Federal awards received directly from Federal agencies, as well as those passed through other government agencies, are included in the Schedule. Unless otherwise noted on the Schedule, all programs are received directly from the respective Federal agency. Due to the operations of the County, the accumulation of amounts passed to subrecipients by the County is not practical.

2. Summary of Significant Accounting Policies

A. **Reporting Entity**

The County's reporting entity is defined in Note 1.A. to the financial statements. The accompanying Schedule includes the Federal awards programs administered by the County for the fiscal year ended June 30, 2014.

B. **Basis of Presentation**

The accompanying Schedule presents total expenditures for each Federal awards program in accordance with the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements. Federal program titles are reported as presented in the Catalog of Federal Domestic Assistance (CFDA), whenever possible.

Federal Awards. Pursuant to OMB Circular A-133, Federal awards are defined as assistance provided by a Federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations.

Major Programs. In accordance with OMB Circular A-133, major programs are determined using a risk-based approach. Programs in the accompanying Schedule denoted with an asterisk (*) are considered major programs.

C. **Basis of Accounting**

The accompanying Schedule was prepared on the cash basis of accounting.

Matching Costs. The Schedule does not include matching expenditures from general revenues of the County.



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ANTELOPE 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
Antelope 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 Antelope County, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Antelope County's basic financial statements, and have issued our report thereon dated October 22, 2014. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Antelope 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 Antelope 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.

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. 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 Antelope 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 management of Antelope County in a separate letter dated October 22, 2014.

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 22, 2014



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ANTELOPE COUNTY
**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM; REPORT ON INTERNAL CONTROL OVER
COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENITURES OF FEDERAL AWARDS REQUIRED BY OMB
CIRCULAR A-133**

Independent Auditor's Report

Board of Supervisors
Antelope County, Nebraska

Report on Compliance for Each Major Federal Program

We have audited Antelope County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Antelope County's major Federal programs for the year ended June 30, 2014. Antelope County's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Antelope County's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above, which could have a direct and material effect on a major Federal program, occurred. An audit includes examining, on a test basis, evidence about Antelope County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of Antelope County's compliance.

Opinion on Each Major Federal Program

In our opinion, Antelope County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Antelope County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Antelope County's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Antelope County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of the internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of Antelope County as of and for the year ended June 30, 2014, and have issued our report thereon dated October 22, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements, which collectively comprise the basic financial statements. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of Federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

October 22, 2014



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

ANTELOPE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2014

SECTION I. SUMMARY OF AUDITOR'S RESULTS

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
Material weaknesses identified?	<u> X </u>	Yes	<u> </u>	No
Significant deficiencies identified?	<u> </u>	Yes	<u> X </u>	None Reported
Noncompliance material to financial statements noted?	<u> </u>	Yes	<u> X </u>	No
Internal control over major programs:				
Material weaknesses identified?	<u> </u>	Yes	<u> X </u>	No
Significant deficiencies identified?	<u> </u>	Yes	<u> X </u>	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133:	<u> </u>	Yes	<u> X </u>	No
Major programs: Disaster Grants – Public Assistance #97.036				
Dollar threshold used to distinguish between type A and type B programs:	\$300,000			
Auditee qualified as low-risk auditee:	<u> </u>	Yes	<u> X </u>	No

SECTION II. FINANCIAL STATEMENT FINDINGS

Finding # 2014-1

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

ANTELOPE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Continued)

SECTION II. FINANCIAL STATEMENT FINDINGS (Concluded)

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

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

Cause of the Condition – The County does not employ sufficient office personnel to properly segregate accounting functions.

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

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Noted



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October 22, 2014

Board of Supervisors
Antelope County, Nebraska

Dear Supervisors:

We have audited the basic financial statements of Antelope County (County) for the fiscal year ended June 30, 2014, and have issued our report thereon dated October 22, 2014. 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 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.

Additionally, we noted after the taxes were certified the County Assessor’s office had the ability to make changes to the tax valuations without the County Treasurer being aware of such changes. Furthermore, the County Treasurer was not performing a reconciliation of taxes levied, tax corrections and collections, compared to unpaid taxes to insure such changes were appropriate and correct.

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. We further recommend controls be put in place to ensure the County Treasurer is aware of all changes to the tax system made by the County Assessor, including the timely performance of a tax reconciliation.

COUNTY TREASURER

Advertisement of Delinquent Property Taxes

Real property owned by the County Treasurer, at 1010 E 3rd Street, Neligh, Nebraska, in the name of Sandra and Alan Knapp, that was subject to sale due to delinquent property taxes, was not published in a newspaper for tax years 2009, 2010, and 2011. In addition, this property was not included in the tax sale for any of the above tax years.

<u>Tax Year</u>	<u>Tax Amount</u>	<u>Month Delinquent Taxes should be Published in:</u>	<u>Month Taxes were Collected in:</u>
2009	\$1,864.04	February 2011	February and December 2013
2010	\$1,853.44	February 2012	December 2013
2011	\$1,877.92	February 2013	December 2013

Upon discussion of this issue with the County Treasurer, she stated the office policy was, if a property owner called and promised to pay his or her taxes prior to the tax sale, that property would not be advertised. The County Treasurer was unable to provide a listing of other specific properties that were not published.

During testing, the APA noted the following issues:

- An additional 23 properties were not included on the advertising list that should have been. For 10 of those properties, taxes were not paid prior to the tax sale, so they also would have been included in the sale.
- An additional six properties were advertised but inappropriately excluded from the tax sale.

Neb. Rev. Stat. § 77-1804 (Reissue 2009) requires the County Treasurer to publish a listing each February of real property subject to sale in preparation for the annual tax sale held the first Monday in March.

Neb. Rev. Stat. § 77-1806 (Reissue 2009) requires the County Treasurer to offer for sale real property on which taxes have not been paid.

When delinquent property taxes are not advertised or offered for tax sale in accordance with State statute, there is an increased risk of error or loss of County funds.

We recommend the County Treasurer advertise and offer for tax sale all real property with delinquent property taxes, including her own. In addition, we recommend the County consider the State statutes regarding personal gain and official misconduct by a public servant and take any action deemed appropriate. The issue noted will be reported to both the Attorney General and the Accountability and Disclosure Commission for any action they deem appropriate.

Interest on Delinquent Property Taxes

The APA recalculated the amount of interest collected on the County Treasurer’s personal real property tax receipts for the last five tax years and noted the first half of the 2009 taxes were calculated and collected almost \$100 less than should have been.

Tax Delinquent Date	May 1, 2010
Date Tax Paid On	February 8, 2013
Number of Days Delinquent	1,014
Interest Collected	\$262.85
Auditor Calculated Interest	<u>\$362.49</u>
Difference - Short	<u>\$ 99.64</u>

Neb. Rev. Stat. § 77-207 (Reissue 2009) states, in part, “All delinquent taxes shall draw interest at a rate equal to the maximum rate of interest allowed per annum under section 45-104.01 . . . from the date they become delinquent . . .” Neb. Rev. Stat. § 45-104.01 (Reissue 2010) states, in part, “[T]he interest rate assessed on delinquent payments of any taxes or special assessments owing to any political subdivision of the State of Nebraska shall be assessed at a rate of fourteen percent per annum.” When interest is not calculated correctly, there is a risk of loss or misuse of County funds.

We recommend the County Treasurer calculate and collect interest on all delinquent property taxes in accordance with State statutes. In addition, we recommend the County consider the State statutes regarding personal gain and official misconduct by a public servant and take any action deemed appropriate. The issue noted will be reported to both the Attorney General and the Accountability and Disclosure Commission for any action they deem appropriate.

Property Tax Credit Distribution

The County Treasurer erroneously wrote a receipt and distributed an additional \$507,644 in Property Tax Credit to the County funds and political subdivisions on May 15, 2014. This distribution increased the County fund balances by \$87,728 and the agency funds by \$419,916. The extra money in the agency funds was then disbursed to the various political subdivisions in June 2014. Because the \$507,644 was never collected by the County Treasurer, it resulted in the disbursement of money not collected, effectively causing a majority of the agency fund balances to become negative. This error was discovered by the County Treasurer prior to June 30, 2014, but not corrected until August 2014.

Good internal controls and sound business practices require procedures to be in place to ensure that receipts are written only when money is collected. When distributions are not performed 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 that the County Treasurer implement procedures to ensure that receipts are written only when money is collected and such collections are properly distributed.

Outdated and Incorrect Fund Balances

During testing, we noted the overall total balance on the daily balance sheet exceeded the overall fund balance totals by \$175,000 due to a loan received in 2003 that had not been receipted. This error caused the County General Fund to be understated by \$175,000.

In addition, we noted the following issues regarding fund balances:

- Eight agency funds being held for the State had incorrect balances at June 30, 2014, due to posting errors. Errors ranged from \$1,337 to one cent and dates back prior to 2002.
- An Estray fund balance of \$1,838 with no activity since 2005.
- A Non-Resident Tuition fund balance of \$286 with no activity dates back prior to 2002.
- A Housing Authority In Lieu of Tax fund, totaling \$3,401, was received in December 2013, but not distributed until July 2014.

Sound accounting practices and good internal controls require that comprehensive, detailed reconciliation procedures be utilized, at least on a monthly basis, to ensure proper balancing of the County Treasurer's book and bank balances. In addition, good internal controls require procedures to be in place to ensure balances are current and correct. When balancing procedures are not performed on a routine basis, there is an increased risk of error, fraud, or misuse of County funds.

We recommend the overall total asset balance on the daily balance sheet be reconciled to the total of all fund balances on a monthly basis. In addition, we recommend procedures be implemented to ensure balances are current and correct.

Negative Fund Balances

Negative fund balances indicate monies have been paid to someone when the monies were not available, effectively using another party's money to make the payment. During our audit, we noted State Treasurer Highway Trust Fund and Cedar Township Fund had negative fund balances of \$942 and \$10,102, respectively, at June 30, 2014. We also noted an additional five agency funds and three County funds that had negative end of the month fund balances throughout the fiscal year.

Good internal controls require procedures be in place to ensure fund balances are not allowed to become negative. When fund balances are negative, there is an increased risk for loss or misuse of County and agency funds.

We recommend the County Treasurer implement procedures to ensure funds do not have a negative balance at any time.

Bank Reconciliations

We noted the checking account balance on the County Treasurer's daily balance sheet had not been reconciled to the actual bank balance from October 2013 to April 2014.

During the review of the reconciliations, we noted the following issues:

- There were seven electronic deposits that were not receipted timely:
 - Four deposits ranging from \$20 to \$19,695 were not receipted. Two of these deposits were received prior to 2009.
 - One deposit for bond proceeds, totaling \$750,000, was not receipted for two months.
 - One deposit totaling \$945 was not receipted for two months.
 - One deposit totaling \$5,746 was not receipted for four months.
- There were four reconciling items ranging from \$3 to \$117 that could not be explained or supported.

Sound accounting practices and good internal controls require that comprehensive, detailed reconciliation procedures be utilized, at least on a monthly basis, to ensure proper balancing and reconciliation of the County Treasurer's book and bank balances. Reconciliation procedures should include timely identification and resolution of all variances noted. When balancing and reconciliation procedures are not performed on a routine basis, there is an increased risk of error, fraud, or misuse of County funds.

We recommend all bank account balances be reconciled to the actual book balance on a monthly basis, and all variances should be resolved and corrected in a timely manner.

Receipting Procedures

During testing of items noted on the daily balance sheets as cash items, we noted the following:

- There were 40 different cash items noted in which a Motor Vehicle receipt was issued, but payment was not received. Cash items ranged from \$19 to \$45,399 and were noted from 1 to 165 days after receipt was issued. Specifically, the receipt totaling \$45,399 was carried as unpaid for 10 days, and the receipt carried for 165 days was for \$1,090.
- There were seven different cash items noted in which property tax receipts were issued prior to the full payment being received. Cash items ranged from \$510 to \$3,344 and were noted from 1 to 38 days after receipt was issued.

Good internal controls require procedures be in place to ensure receipts are issued only after payment is received. When receipts are issued before full payment is received, there is an increased risk of error, fraud, or misuse of County funds.

We recommend the County Treasurer implement procedures to ensure that motor vehicle and property tax receipts are issued only after full payment is received.

Check Sent to Incorrect Payee

During testing, we noted a refund check originally issued in March 2012 by the County Treasurer was not cashed by the payee; the check totaled \$197. In June 2014, the County Treasurer voided the original check and issued a new check, but to the wrong individual.

Sound accounting practices and good internal controls require procedures to be in place to ensure that checks are issued and sent to the correct payee. When checks are issued to the incorrect payee, there is an increased risk of loss or theft of County funds.

We recommend the County Treasurer develop procedures to ensure that all checks are paid to the appropriate individual.

Advertising Fees Not Collected

During testing, we noted four receipts for delinquent property taxes, which were advertised for the tax sale in February 2014, in which the five-dollar advertising fee was not collected.

Neb. Rev. Stat. § 77-1804 (Reissue 2009) states, in part, “The treasurer shall assess against each description the sum of five dollars to defray the expenses of advertising, which sum shall be added to the total amount due on such real property”

When advertising fees are not assessed on delinquent real property tax receipts, the County is in noncompliance with State statute. There is also an increased risk of loss or misuse of funds.

We recommend the County Treasurer assess an advertising fee for any delinquent taxes collected that were advertised in the newspaper.

COUNTY ATTORNEY

Timely Remittance of Restitution

During our audit, we noted that collections for restitution were not being disbursed to the proper individuals in a timely manner. As of June 30, 2014, the County Attorney was holding \$11,660 of restitution collections, which were received as far back as February 2011. Of this amount, \$7,373 was noted as fully paid and satisfied with the Court.

A good internal control plan and sound business practices require the timely payout of restitution when the funds are received and/or the case is satisfied. When restitution is not paid out timely, there is an increased risk for loss or misuse of County funds.

We recommend that restitution funds received by the County Attorney are paid out timely to the proper individuals.

Attorney Accounting Procedures

During our audit, we noted the following:

- The County Attorney did not complete monthly bank reconciliations between the accounting records and bank account, resulting in an unknown variance of \$58.
- Two checks totaling \$2,687 remained unclaimed for more than three years.
- Receipts are issued only when money is received in the form of cash.
- Money is being held and not deposited or remitted to the County Treasurer in a timely manner. During our testing, we noted money being retained for up to 178 days before being deposited and checks held up to 589 days before being remitted to the County Treasurer.

The Uniform Disposition of Unclaimed Property Act (Act) is set out in Neb. Rev. Stat. §§ 69-1301 to 69-1329 (Reissue 2009, Cum. Supp. 2012). Section 69-1307.01 of the Act states that personal property held by public entities or political subdivisions that remains unclaimed for more than three years is resumed 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 followed up on to determine if they should still be active or not.

Neb. Rev. Stat. § 23-1207 (Reissue 2012) states: "It shall be the duty of the county attorney, whenever he or she shall receive any money or other property in his or her official capacity, to give to the person paying or depositing such money or other property duplicate receipts"

Good internal controls and sound accounting practices require bank reconciliations be performed monthly and money be deposited in a timely manner. Without good internal control and sound accounting, there is an increased risk of abuse or misuse of funds.

We recommend the County Attorney reconcile the accounting records to the bank on a monthly basis and follow up on any variances. We also recommend outstanding checks be followed up on and relevant State statute be complied with. Further, we recommend receipts be issued when money is received and deposits be made in a timely manner.

COUNTY SHERIFF

Sheriff Balancing Procedures

During our audit, we noted the following issues with the County Sheriff's balancing procedures at June 30, 2014:

- Office records indicated assets exceeded liabilities by \$2,922.
- Complete and accurate bank reconciliations were not performed on a monthly basis.
- There was an unknown \$173 variance between the Sheriff's book balance and the bank balance.
- The County Sheriff was unable to provide an accurate listing of accounts payable.
- The authorized \$300 petty cash fund was short by \$124. An expense for \$12, dated March 3, 2014, had not been submitted to the County for reimbursement.
- Amounts collected were remitted to the County Treasurer, not amounts earned, as required by State statute.
- Pre-numbered receipts or a tracking log were not used to account for all money received.
- Deposits were not timely.
 - A \$300 check was receipted for an execution on November 21, 2013; however, the check was not deposited into the checking account until July 18, 2014. This was after a refund check had already been issued on June 6, 2014, as the execution was returned unsatisfied.
 - A \$291 phone commission check was received on April 23, 2013; however, it was not deposited into the checking account until July 15, 2013.

Neb. Rev. Stat. § 33-117(3) (Cum. Supp. 2012) requires the County Sheriff to report all fees earned to the County Treasurer on the first Tuesday in January, April, July, and October. Those fees must be paid to the County Treasurer for credit to the County's General Fund. In addition, good internal control requires procedures be in place to ensure assets (cash on hand, reconciled bank statement, and accounts receivable) agree with office liabilities (fees, trust accounts, and accounts payable); bank reconciliations are performed timely and accurately; all monies received are recorded and timely deposited; all financial records are complete and accurate; and the petty cash fund is reconciled to its authorized amount.

When collections, not earnings, are remitted to the County Treasurer, the County Sheriff's office is not compliant with State statute. Additionally, without procedures in place to ensure financial records are complete, accurate, and timely maintained, there is an increased risk of loss, theft, or misuse of funds. When petty cash funds are not maintained at their authorized amounts, there is an increased risk of loss, theft, or misuse of funds.

We recommend the County Sheriff implement numerous financial procedures, including complete and accurate recording of all financial activity, as well as timely, documented monthly balancing procedures, including bank reconciliations and analysis of bank activity. We also recommend the County Sheriff timely remit earned amounts to the County Treasurer. We further recommend the County Sheriff implement procedures to ensure the petty cash fund is maintained or reconciled to its authorized amount, and expenses are timely submitted for reimbursement.

Purchase of Commissary Items

During our audit, we noted the following:

- The County Sheriff maintains a commissary account, which is used for inmate purchases of candy, soda, personal hygiene products, etc. However, the expenditures were not paid through the County's claims and warrant process.
- The entire amount of revenue generated from the sale of commissary items has not been remitted to the County Treasurer. As of June 30, 2014, the commissary bank account had a balance of \$7,309.

Neb. Rev. Stat. § 23-1601(1) (Reissue 2012) states:

It is the duty of the county treasurer to receive all money belonging to the county, from whatsoever source derived and by any method of payment provided, and all money which is by law directed to be paid to him or her. All money received by the county treasurer for the use of the county shall be paid out by him or her only on warrants issued by the county board according to law, except when special provision for payment of county money is otherwise made by law.

When all funds received are not appropriately accounted for, there is an increased risk of loss, theft, or misuse of funds.

We recommend all money generated from the commissary activity be deposited with the County Treasurer. We further recommend all payments for goods and/or services be paid through the County's claim and warrant process.

Law Enforcement Certificate

During our audit, we noted one of seven County Sheriff deputies did not have a valid law enforcement officer certificate or diploma. The employee and the County contributed \$60 each to the supplemental retirement plan during fiscal year 2014.

Neb. Rev. Stat. § 23-2332.01 (Reissue 2012) states, in relevant part:

Counties . . . shall establish and fund a supplemental retirement plan for the benefit of all present and future commissioned law enforcement personnel employed by such county who possess a valid law enforcement officer certificate or diploma, as established by the Nebraska Police Standards Advisory Council.

When law enforcement employees do not have a current certification on file, there is a risk of possible loss to the County. Additionally, the employee and County may not contribute the correct amount to the supplemental retirement plan.

We recommend that procedures be implemented to ensure that all law enforcement employees have a current certification on file and contributions to the supplemental retirement plan are based on the certifications on file.

COUNTY ASSESSOR

Tax Corrections

During our audit, we noted that property tax corrections were not approved by the County Board of Equalization prior to being made in the system. Forty-one tax corrections were made between July 2013 and January 2014, which was prior to Board approval in January 2014. Twenty-eight tax corrections were made between January 2014 and June 2014 and had not been approved as of September 17, 2014.

Neb. Rev. Stat. § 77-1613.02 (Reissue 2009) states, in relevant part:

No county assessor shall reduce or increase the valuation of any property, real or personal, without the approval of the county board of equalization.

When the County Board of Equalization does not approve tax corrections prior to them being made, the County is not in compliance with State statute, and there is an increased risk the amount of tax collected or refunded will not agree to Board approval.

We recommend that tax corrections not be completed prior to approval by the County Board of Equalization.

COUNTY BOARD

Lack of Adequate Collateral for Deposits

During our audit, we noted the County Board imprest bank account did not have any pledged securities during the fiscal year. Deposits exceeded FDIC coverage for 47 days during the fiscal year, amounts ranging between \$6,581 and \$766,854.

Neb. Rev. Stat § 77-2395(1) (Reissue 2009) states, in relevant part:

[T]he custodial official shall not have on deposit in such depository any public money or public funds in excess of the amount insured or guaranteed by the Federal Deposit Insurance Corporation, unless and until the depository has furnished to the custodial official securities, the market value of which are in an amount not less than one hundred two percent of the amount on deposit which is in excess of the amount so insured or guaranteed.

When their deposits are not fully secured at all times, County offices are not in compliance with State statute, and there is an increased risk of loss should the financial institutions holding County deposits fail.

We recommend the County Board implement procedures to ensure bank accounts are adequately collateralized at all times.

County's Response: The following procedure has been put in place: there is now Pledge Collateral of \$550,000.00 on the Imprest Account which will remain until June 30, 2015 in addition to the \$250,000.00 FDIC insured. This additional \$550,000.00 of pledge collateral will be reviewed on June 1, 2015 to determine if this is an adequate amount or if this amount should be increased for the fiscal year 2015/2016. Also, there is an additional 1.7 million pledged on the Imprest Account and this amount will be reviewed monthly to determine if this is an adequate amount to cover the extra costs during the construction of the new Law Enforcement Facility and during the summer months when the road departments expenditures increase.

Claim Procedures

During our audit, we noted the County did not have adequate procedures in place to prevent duplicate payments or personal expenses being charged to the County. We noted two instances where duplicate payments were made on lease agreements in the amount of \$51,328 and \$40,000. The County made the first payments based on a payment schedule and then made a second payment based on an invoice received. We also noted allegations where the County credit card was used for personal gas purchases.

A good internal control plan and sound business practice require policies and procedures be in place to ensure invoices are for legitimate County expenses and are paid only once. When adequate procedures are not in place to prevent personal expenses or duplicate payments, there is an increased risk for loss or misuse of County funds.

We recommend the County Board implement adequate policies and procedures to ensure all claims are legitimate County expenses and are paid only once.

County's Response: From this point on the County Clerk will be taking over that responsibility and coding and submitting those claims for payment. Also, for the personal expenses being charged to the county I am aware of only one instance in which this has happened and this matter has been reported to the proper authorities. The claims procedure has always been that each county office approves and codes their own claims which are turned into the County Clerk's office for payment. Those claims are processed and then presented to the County Board at their second meeting for review and approval. If there is a question on that claim it should be addressed at that time. This policy will be reviewed to see if there is a better way to handle the claims process.

* * * * *

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

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

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
Assistant Deputy Auditor