

**AUDIT REPORT
OF
NEMAHA COUNTY**

JULY 1, 2012 THROUGH JUNE 30, 2013

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the Auditor of Public Accounts**

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Issued on May 15, 2014

NEMAHA COUNTY

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NEMAHA COUNTY

LIST OF COUNTY OFFICIALS

At June 30, 2013

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Bob Hutton	Board of Commissioners	Jan. 2015
Dennis Wittmann		Jan. 2017
Marvin Bohling		Jan. 2015
Jana Smith	Assessor	Jan. 2015
Louie Ligouri	Attorney	Jan. 2015
Joyce Oakley	Clerk Election Commissioner Register of Deeds	Jan. 2015
Amy Hector	Clerk of the District Court	Jan. 2015
Brent Lottman	Sheriff	Jan. 2015
Patricia Holtzman	Treasurer	Jan. 2015
Loras Baumhover	Veterans' Service Officer	Appointed
Joe Wittwer	Weed Superintendent	Appointed
Tom Catlett	Surveyor	Appointed



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NEMAHA COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Nemaha 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 Nemaha County, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

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

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

Summary of Opinions

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

Basis for Adverse Opinion on the Discretely Presented Component Unit

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

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on the Discretely Presented Component Unit” paragraph, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of Nemaha County, as of June 30, 2013, or the change in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and aggregate remaining fund information of Nemaha County, as of June 30, 2013, 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, and schedule of taxes certified and collected, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, Pages 21-35, is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. 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.

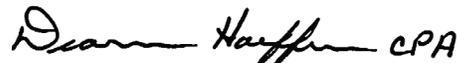
Basis of Accounting

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 May 8, 2014, on our consideration of Nemaha County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and considering Nemaha County's internal control over financial reporting and compliance.

May 8, 2014


Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

NEMAHA COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2013

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 3,513,736
Investments (Note 1.D)	19
TOTAL ASSETS	<u><u>\$ 3,513,755</u></u>
 NET POSITION	
Restricted for:	
Visitor Promotion	\$ 32,341
911 Emergency Services	121,234
Law Enforcement	142
Debt Service	403,700
Preservation of Records	1,684
Future Compensation Benefits	487
Unrestricted	2,954,167
TOTAL NET POSITION	<u><u>\$ 3,513,755</u></u>

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

NEMAHA COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended June 30, 2013

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	\$ (1,620,832)	\$ 294,158	\$ 35,520	\$ (1,291,154)
Public Safety	(1,470,757)	236,867	128,677	(1,105,213)
Public Works	(2,237,314)	23,775	833,292	(1,380,247)
Health and Sanitation	(28,460)	-	-	(28,460)
Public Assistance	(78,294)	-	62,479	(15,815)
Culture and Recreation	(27,212)	-	-	(27,212)
Total Governmental Activities	<u>\$ (5,462,869)</u>	<u>\$ 554,800</u>	<u>\$ 1,059,968</u>	<u>(3,848,101)</u>

General Receipts:

Property Taxes	3,723,428
Grants and Contributions Not Restricted to Specific Programs	238,417
Investment Income	9,530
Licenses and Permits	25,634
Miscellaneous	421,470
Total General Receipts	<u>4,418,479</u>

Increase in Net Position	570,378
Net Position - Beginning of year	2,943,377
Net Position - End of year	<u>\$ 3,513,755</u>

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

NEMAHA COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
June 30, 2013

	General Fund	Road Fund	Inheritance Fund	Hospital Bond Fund	Road/Bridge Improvement Fund	County Building Fund	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash and cash equivalents (Note 1.D)	\$ 432,279	\$ 321,132	\$ 1,175,559	\$ 403,700	\$ 550,000	\$ 352,500	\$ 278,566	\$ 3,513,736
Investments (Note 1.D)	19	-	-	-	-	-	-	19
TOTAL ASSETS	<u>\$ 432,298</u>	<u>\$ 321,132</u>	<u>\$ 1,175,559</u>	<u>\$ 403,700</u>	<u>\$ 550,000</u>	<u>\$ 352,500</u>	<u>\$ 278,566</u>	<u>\$ 3,513,755</u>
FUND BALANCES								
Restricted for:								
Visitor Promotion	-	-	-	-	-	-	32,341	32,341
911 Emergency Services	-	-	-	-	-	-	121,234	121,234
Law Enforcement	-	-	-	-	-	-	142	142
Debt Service	-	-	-	403,700	-	-	-	403,700
Preservation of Records	-	-	-	-	-	-	1,684	1,684
Future Compensation Benefits	-	-	-	-	-	-	487	487
Committed to:								
Law Enforcement	-	-	-	-	-	-	11,247	11,247
Road Maintenance	-	321,132	-	-	550,000	-	-	871,132
County Buildings	-	-	-	-	-	352,500	-	352,500
Road Maintenance	-	-	-	-	-	-	111,431	111,431
Assigned to:								
Other Purposes	-	-	1,175,559	-	-	-	-	1,175,559
Unassigned	432,298	-	-	-	-	-	-	432,298
TOTAL CASH BASIS FUND BALANCES	<u>\$ 432,298</u>	<u>\$ 321,132</u>	<u>\$ 1,175,559</u>	<u>\$ 403,700</u>	<u>\$ 550,000</u>	<u>\$ 352,500</u>	<u>\$ 278,566</u>	<u>\$ 3,513,755</u>

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

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

For the Year Ended June 30, 2013

	General Fund	Road Fund	Inheritance Fund	Hospital Bond Fund	Road/Bridge Improvement Fund	County Building Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS								
Property Taxes	\$ 2,811,923	\$ 61	\$ 800,928	\$ -	\$ -	\$ -	\$ 110,516	\$ 3,723,428
Licenses and Permits	25,634	-	-	-	-	-	-	25,634
Interest	9,530	-	-	-	-	-	-	9,530
Intergovernmental	294,092	932,789	-	-	-	-	71,504	1,298,385
Charges for Services	528,722	23,775	-	-	-	-	2,303	554,800
Miscellaneous	22,418	29,762	-	366,403	-	-	2,887	421,470
TOTAL RECEIPTS	<u>3,692,319</u>	<u>986,387</u>	<u>800,928</u>	<u>366,403</u>	<u>-</u>	<u>-</u>	<u>187,210</u>	<u>6,033,247</u>
DISBURSEMENTS								
General Government	1,221,555	-	26,487	367,121	-	-	5,669	1,620,832
Public Safety	1,323,102	-	-	-	-	-	147,655	1,470,757
Public Works	10,188	2,138,094	-	-	-	-	89,032	2,237,314
Health and Sanitation	28,460	-	-	-	-	-	-	28,460
Public Assistance	78,294	-	-	-	-	-	-	78,294
Culture and Recreation	-	-	-	-	-	-	27,212	27,212
TOTAL DISBURSEMENTS	<u>2,661,599</u>	<u>2,138,094</u>	<u>26,487</u>	<u>367,121</u>	<u>-</u>	<u>-</u>	<u>269,568</u>	<u>5,462,869</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,030,720</u>	<u>(1,151,707)</u>	<u>774,441</u>	<u>(718)</u>	<u>-</u>	<u>-</u>	<u>(82,358)</u>	<u>570,378</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	50,000	1,082,659	25,000	-	450,000	202,500	139,291	1,949,450
Transfers out	(1,218,159)	(3,000)	(700,000)	-	-	-	(28,291)	(1,949,450)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,168,159)</u>	<u>1,079,659</u>	<u>(675,000)</u>	<u>-</u>	<u>450,000</u>	<u>202,500</u>	<u>111,000</u>	<u>-</u>
Net Change in Fund Balances	(137,439)	(72,048)	99,441	(718)	450,000	202,500	28,642	570,378
CASH BASIS FUND BALANCES - BEGINNING	<u>569,737</u>	<u>393,180</u>	<u>1,076,118</u>	<u>404,418</u>	<u>100,000</u>	<u>150,000</u>	<u>249,924</u>	<u>2,943,377</u>
CASH BASIS FUND BALANCES - ENDING	<u>\$ 432,298</u>	<u>\$ 321,132</u>	<u>\$ 1,175,559</u>	<u>\$ 403,700</u>	<u>\$ 550,000</u>	<u>\$ 352,500</u>	<u>\$ 278,566</u>	<u>\$ 3,513,755</u>

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

NEMAHA COUNTY
**STATEMENT OF FIDUCIARY ASSETS AND
 LIABILITIES - CASH BASIS
 FIDUCIARY FUNDS**
 June 30, 2013

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 818,804</u>
 LIABILITIES	
Due to other governments	
State	103,234
Schools	564,344
Educational Service Units	1,924
Technical College	4,601
Natural Resource Districts	3,301
Fire Districts	1,541
Municipalities	124,758
Agricultural Society	447
Others	14,654
TOTAL LIABILITIES	<u><u>818,804</u></u>
 TOTAL NET ASSETS	 <u><u>\$ -</u></u>

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

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2013

1. **Summary of Significant Accounting Policies**

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

A. Reporting Entity

Nemaha County, Nebraska, (County) is a governmental entity established under and governed by the laws of the State of Nebraska (State). The County is managed by county officials who are elected on a political ballot for four-year terms. As a political subdivision of the State, the County is exempt from State and Federal income taxes. The financial statements include all funds of the County that are not legally separate. The County has also considered all potential component units for which it is financially accountable, as well as other organizations that are either fiscally dependent on the County or maintain a significant relationship with the County, such that exclusion would be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County.

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

Joint Organization.

Behavioral Health Region V - The County has entered into an agreement with surrounding counties and the Nebraska Department of Health and Human Services to provide services to carry out the provisions of the Nebraska Behavioral Health Services Act (Act). Agreements were established under the authority of the Interlocal Cooperation Act for services to be provided under the Act. Region V (Region) consists of the following counties: Polk, Butler, Saunders, Seward, Lancaster, Otoe, Fillmore, Saline, Thayer, Jefferson, Gage, Johnson, Nemaha, Pawnee, York, and Richardson.

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of Federal, State, local, and private funding. The

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

County contributed \$25,516 toward the operation of the Region during fiscal year 2013. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Department of Health and Human Services requires the Region to be audited annually in accordance with State statute. Financial information for the Region is available in those audit reports.

Health Department – The County has entered into an agreement with the Southeast 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).

The Department's governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. The County made no contributions toward the operation of the Department during fiscal year 2013. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is required to be audited in accordance with Neb. Rev. Stat. § 84-304(4) (Cum. Supp. 2012). Financial information for the Department is available in that report.

B. Basis of Presentation

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

The statement of activities demonstrates the degree to which the direct disbursement of a given function or segment is offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

contributions that are restricted to meeting the operational or capital requirements of 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, which 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.

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

Road/Bridge Improvement Fund. This fund is used to set aside resources for future road and bridge projects. It is funded by transfers from other funds.

County Building Fund. This fund is used to set aside resources for future construction on the County Jail Building. It is funded by transfers from other funds.

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

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

NEMAHA 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.

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 has been separated based on the type of revenue.

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

C. **Measurement Focus, Basis of Accounting**

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

The governmental fund financial statements were also reported on the cash receipt and disbursement basis of accounting. As such, the same measurement focus and basis of accounting were used, as described above. This differs from governmental GAAP, which requires governmental fund financial statements to be reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this measurement focus and basis of accounting, receipts are recognized as soon as they are both measurable and available. Receipts are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Disbursements are generally recorded when a liability is incurred, as under accrual accounting. However, disbursements related to compensated absences and claims and judgments are recorded only when payment is due.

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

D. Assets and Net Position

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

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

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

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

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

Restricted Net Position. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$559,588 of restricted net position, of which \$155,401 is restricted by enabling legislation.

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

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

Excess of Disbursements Over Appropriations. For the year ended June 30, 2013, disbursements exceeded budgeted appropriations in the County Sheriff function of the General Fund by \$103,064,. These over-expenditures were funded by greater than anticipated receipts in the case of the General Fund.

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 \$3,513,736 for County funds and \$818,804 for Fiduciary funds. The bank balances for all funds totaled \$4,319,065. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2013, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

2. Deposits and Investments (Concluded)

The County's carrying value of investments are stated at cost, which approximates market. Investments consisted of \$19 deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a seven-member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income that has accrued to each participant is converted as of the close of business of each calendar month into additional units, which thereafter are held in each participant's trust account. Since net income of the fund is allocated among participants each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name.

3. 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 2012, for the 2012 taxes, which will be materially collected in May and September 2013, was set at \$.365975/\$100 of assessed valuation. The levy set in October 2011, for the 2011 taxes, which were materially collected in May and September 2012, was set at \$.379343/\$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.

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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) and may be amended through legislative action.

Participation in the Plan is required of all full-time employees. Part-time (working less than one-half of the regularly scheduled hours) employees may elect voluntary participation upon reaching age 18. Part-time elected officials may exercise the option to join.

County employees and elected officials contribute 4.5% of their total compensation. In addition, the County contributes an amount equal to 150% of the employee's contribution. The contribution rates are established by § 23-2307 and § 23-2308 and may be amended through legislative action. The employee's and employer's contributions are kept in separate accounts. The employee's account is fully vested. The employer's account is fully vested after three years of participation in the system or credit for participation in another governmental plan prior to actual contribution to the Plan. 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, 2013, 63 employees contributed \$81,977, and the County contributed \$121,048. Contributions included \$3,836 in cash contributions towards the supplemental law enforcement plan for 14 law enforcement employees. Lastly, the County paid \$309 directly to 4 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.

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

5. Risk Management (Concluded)

The County pays an annual deposit premium, as calculated by the administrator of the pool. The premium is based on the losses and exposures of each County and the entire pool. If the pool becomes insolvent or otherwise unable to discharge its legal liabilities and obligations, the County may be assessed by the Board for an additional contribution equal to its contribution for the current fiscal year, divided by the contribution of all participants for such year, times the amount of such deficiency. Each such assessment, and the manner of calculating the same, is sent to each county in writing, and each county has 60 days in which to pay the amount of such assessment. Each county remains liable for such assessments, regardless of such county's withdrawal from participation or the termination of the agreement, as well as for liabilities of the Pool incurred during such county's period of membership.

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

	NIRMA Coverage	Maximum Coverage
General Liability Claim	\$ 300,000	\$ 5,000,000
Workers' 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 2014. The County has not had to pay out any amounts that exceeded coverage provided by the pool in the last three fiscal years.

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

6. Interfund Transfers

Interfund transfers for the year ended June 30, 2013, consisted of the following:

Transfers to	Transfers from				Total
	General Fund	Inheritance Fund	Road Fund	Nonmajor Funds	
General Fund	\$	\$ 50,000	\$	\$	\$ 50,000
Road Fund	982,659	100,000			1,082,659
Inheritance Fund	25,000				25,000
Road/Bridge Improvement Fund		450,000			450,000
County Building	202,500				202,500
Nonmajor Funds	8,000	100,000	3,000	28,291	139,291
Total	\$1,218,159	\$ 700,000	\$ 3,000	\$ 28,291	\$ 1,949,450

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

7. Long-Term Debt

Hospital Bonds. The County issued bonds in January 2004 on Nemaha County Hospital in the amount of \$4,735,000 for the purpose of (1) providing payment and redemption of \$4,440,000 Series 2000 Hospital Bonds, and (2) paying the costs of the construction of hospital renovations. The bond payable balance, as of June 30, 2013, was \$2,230,000. 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. As of June 30, 2013, no additional taxes had been levied by the County. Complete financial statements of the Hospital can be obtained from the Hospital's administrative office.

Future Payments:

Year	Principal	Interest	Total
2014	285,000	79,870	364,870
2015	295,000	70,005	365,005
2016	305,000	59,276	364,276
2017	315,000	47,725	362,725
2018	330,000	35,223	365,223
2019-2020	700,000	29,085	729,085
Total Payments	2,230,000	321,184	2,551,184

NEMAHA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 2,993,994	\$ 2,993,994	\$2,811,923	\$ (182,071)
Licenses and Permits	25,500	25,500	25,634	134
Interest	10,050	10,050	9,530	(520)
Intergovernmental	356,496	356,496	294,092	(62,404)
Charges for Services	355,368	355,368	528,722	173,354
Miscellaneous	35,400	35,400	22,418	(12,982)
TOTAL RECEIPTS	<u>3,776,808</u>	<u>3,776,808</u>	<u>3,692,319</u>	<u>(84,489)</u>
DISBURSEMENTS				
General Government:				
County Board	62,983	62,983	62,935	48
County Clerk	103,308	103,308	102,598	710
County Treasurer	109,819	109,819	108,926	893
County Assessor	113,086	113,086	98,534	14,552
Election Commissioner	20,950	20,950	15,487	5,463
Clerk of the District Court	64,445	64,445	56,364	8,081
County Court System	1,575	1,575	1,381	194
District Judge	51,706	51,706	46,551	5,155
Building and Grounds	210,132	210,132	209,860	272
Agricultural Extension Agent	56,479	56,479	54,392	2,087
Child Support	26,150	26,150	25,227	923
Miscellaneous	921,415	921,415	439,300	482,115
Public Safety				
County Sheriff	512,834	512,834	615,898	(103,064)
County Attorney	126,689	126,689	125,276	1,413
County Jail	475,344	475,344	442,259	33,085
Emergency Management	104,355	104,355	99,093	5,262
Miscellaneous	35,000	35,000	40,576	(5,576)
Public Works				
County Surveyor	650	650	621	29
Miscellaneous	9,567	9,567	9,567	-
Public Health				
Miscellaneous	28,516	28,516	28,460	56
Public Assistance				
Veterans' Service Officer	34,751	34,751	33,626	1,125
Institutions	5,000	5,000	2,784	2,216
Relief	16,950	16,950	4,347	12,603
Miscellaneous	49,543	49,543	37,537	12,006
TOTAL DISBURSEMENTS	<u>3,141,247</u>	<u>3,141,247</u>	<u>2,661,599</u>	<u>479,648</u>

(Continued)

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

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	635,561	635,561	1,030,720	395,159
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	50,000	50,000	-
Transfers out	(1,055,298)	(1,055,298)	(1,218,159)	(162,861)
TOTAL OTHER FINANCING SOURCES (USES)	(1,005,298)	(1,005,298)	(1,168,159)	(162,861)
Net Change in Fund Balance	(369,737)	(369,737)	(137,439)	232,298
FUND BALANCE - BEGINNING	569,737	569,737	569,737	-
FUND BALANCE - ENDING	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 432,298</u>	<u>\$ 232,298</u>
				(Concluded)

NEMAHA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Taxes	\$ -	\$ -	\$ 61	\$ 61
Intergovernmental	779,606	779,606	932,789	153,183
Charges for Services	200,000	200,000	23,775	(176,225)
Miscellaneous	2,000	2,000	29,762	27,762
TOTAL RECEIPTS	981,606	981,606	986,387	4,781
DISBURSEMENTS	2,519,084	2,519,084	2,138,094	380,990
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(1,537,478)	(1,537,478)	(1,151,707)	385,771
OTHER FINANCING SOURCES (USES)				
Transfers in	1,147,298	1,147,298	1,082,659	(64,639)
Transfers out	(3,000)	(3,000)	(3,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	1,144,298	1,144,298	1,079,659	(64,639)
Net Change in Fund Balance	(393,180)	(393,180)	(72,048)	321,132
FUND BALANCE - BEGINNING	393,180	393,180	393,180	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 321,132</u>	<u>\$ 321,132</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ -	\$ -	\$ 800,928	\$ 800,928
TOTAL RECEIPTS	-	-	800,928	800,928
DISBURSEMENTS	376,118	376,118	26,487	349,631
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(376,118)	(376,118)	774,441	1,150,559
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	25,000	25,000
Transfers out	(700,000)	(700,000)	(700,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(700,000)	(700,000)	(675,000)	25,000
Net Change in Fund Balance	(1,076,118)	(1,076,118)	99,441	1,175,559
FUND BALANCE - BEGINNING	1,076,118	1,076,118	1,076,118	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,175,559</u>	<u>\$ 1,175,559</u>

(Continued)

NEMAHA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
HOSPITAL BOND FUND				
RECEIPTS				
Miscellaneous	\$ 365,703	\$ 365,703	\$ 366,403	\$ 700
TOTAL RECEIPTS	<u>365,703</u>	<u>365,703</u>	<u>366,403</u>	<u>700</u>
DISBURSEMENTS	<u>770,121</u>	<u>770,121</u>	<u>367,121</u>	<u>403,000</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(404,418)</u>	<u>(404,418)</u>	<u>(718)</u>	<u>403,700</u>
Net Change in Fund Balance	(404,418)	(404,418)	(718)	403,700
FUND BALANCE - BEGINNING	404,418	404,418	404,418	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 403,700</u>	<u>\$ 403,700</u>
ROAD/BRIDGE IMPROVEMENT FUND				
RECEIPTS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DISBURSEMENTS	<u>550,000</u>	<u>550,000</u>	<u>-</u>	<u>550,000</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(550,000)</u>	<u>(550,000)</u>	<u>-</u>	<u>550,000</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	450,000	450,000	450,000	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>	<u>-</u>
Net Change in Fund Balance	(100,000)	(100,000)	450,000	550,000
FUND BALANCE - BEGINNING	100,000	100,000	100,000	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 550,000</u>	<u>\$ 550,000</u>

(Continued)

NEMAHA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
COUNTY BUILDING FUND				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	150,000	150,000	-	150,000
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(150,000)	(150,000)	-	150,000
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	202,500	202,500
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	202,500	202,500
Net Change in Fund Balance	(150,000)	(150,000)	202,500	352,500
FUND BALANCE - BEGINNING	150,000	150,000	150,000	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 352,500	\$ 352,500

(Concluded)

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

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>ROAD EQUIPMENT FUND</u>				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	200,000	200,000	88,569	111,431
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	100,000	100,000	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	100,000	100,000	100,000	-
Net Change in Fund Balance	(100,000)	(100,000)	11,431	111,431
FUND BALANCE - BEGINNING	100,000	100,000	100,000	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,431</u>	<u>\$ 111,431</u>
<u>COUNTY VISITORS PROMOTION FUND</u>				
RECEIPTS	\$ 10,000	\$ 10,000	\$ 12,018	\$ 2,018
DISBURSEMENTS	28,927	28,927	13,462	15,465
Net Change in Fund Balance	(18,927)	(18,927)	(1,444)	17,483
FUND BALANCE - BEGINNING	18,927	18,927	18,927	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,483</u>	<u>\$ 17,483</u>
<u>COUNTY VISITORS IMPROVEMENT FUND</u>				
RECEIPTS	\$ 10,000	\$ 10,000	\$ 11,898	\$ 1,898
DISBURSEMENTS	26,710	26,710	13,750	12,960
Net Change in Fund Balance	(16,710)	(16,710)	(1,852)	14,858
FUND BALANCE - BEGINNING	16,710	16,710	16,710	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,858</u>	<u>\$ 14,858</u>

(Continued)

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

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REGISTER OF DEEDS PRESERVATION FUND</u>				
RECEIPTS	\$ 5,000	\$ 5,000	\$ 2,303	\$ (2,697)
DISBURSEMENTS	5,000	5,000	619	4,381
Net Change in Fund Balance	-	-	1,684	1,684
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,684</u>	<u>\$ 1,684</u>
<u>VACATION/SICK LEAVE CLAIM RESERVE FUND</u>				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	6,000	6,000	5,513	487
OTHER FINANCING SOURCES (USES)				
Transfers in	6,000	6,000	6,000	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>-</u>
Net Change in Fund Balance	-	-	487	487
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 487</u>	<u>\$ 487</u>
<u>DIVERSION PROGRAM STOP FUND</u>				
RECEIPTS	\$ 4,000	\$ 4,000	\$ 2,900	\$ (1,100)
DISBURSEMENTS	6,806	6,806	1,340	5,466
Net Change in Fund Balance	(2,806)	(2,806)	1,560	4,366
FUND BALANCE - BEGINNING	2,806	2,806	2,806	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,366</u>	<u>\$ 4,366</u>

(Continued)

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

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DRUG COALITION FUND				
RECEIPTS	\$ 66,869	\$ 66,869	\$ 71,321	\$ 4,452
DISBURSEMENTS	109,550	109,550	108,851	699
OTHER FINANCING SOURCES (USES)				
Transfers in	5,000	5,000	5,000	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	5,000	5,000	5,000	-
Net Change in Fund Balance	(37,681)	(37,681)	(32,530)	5,151
FUND BALANCE - BEGINNING	37,681	37,681	37,681	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 5,151	\$ 5,151
CANINE (K-9) DOG FUND				
RECEIPTS	\$ -	\$ -	\$ 50	\$ 50
DISBURSEMENTS	2,004	2,004	324	1,680
Net Change in Fund Balance	(2,004)	(2,004)	(274)	1,730
FUND BALANCE - BEGINNING	2,004	2,004	2,004	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 1,730	\$ 1,730
FEDERAL CRIME GRANT FUND				
RECEIPTS	\$ 700	\$ 700	\$ -	\$ (700)
DISBURSEMENTS	1,460	1,460	618	842
Net Change in Fund Balance	(760)	(760)	(618)	142
FUND BALANCE - BEGINNING	760	760	760	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 142	\$ 142

(Continued)

NEMAHA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>911 WIRELESS SERVICE FUND</u>				
RECEIPTS	\$ 27,541	\$ 27,541	\$ 53,896	\$ 26,355
DISBURSEMENTS	27,541	27,541	14,938	12,603
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(28,291)	(28,291)	(28,291)	-
TOTAL OTHER FINANCING SOURCES (USES)	(28,291)	(28,291)	(28,291)	-
Net Change in Fund Balance	(28,291)	(28,291)	10,667	38,958
FUND BALANCE - BEGINNING	28,291	28,291	28,291	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 38,958	\$ 38,958
<u>911 WIRELESS SERVICE HOLDING FUND</u>				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	28,291	28,291	-	28,291
OTHER FINANCING SOURCES (USES)				
Transfers in	28,291	28,291	28,291	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	28,291	28,291	28,291	-
Net Change in Fund Balance	-	-	28,291	28,291
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 28,291	\$ 28,291
<u>911 EMERGENCY SERVICES FUND</u>				
RECEIPTS	\$ 34,500	\$ 34,500	\$ 32,824	\$ (1,676)
DISBURSEMENTS	77,245	77,245	21,584	55,661
Net Change in Fund Balance	(42,745)	(42,745)	11,240	53,985
FUND BALANCE - BEGINNING	42,745	42,745	42,745	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 53,985	\$ 53,985

(Continued)

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

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>FEDERAL DRUG LAW ENFORCEMENT FORFEITURE FUND</u>				
RECEIPTS	\$ 25,000	\$ 25,000	\$ -	\$ (25,000)
DISBURSEMENTS	25,000	25,000	-	25,000
Net Change in Fund Balance	-	-	-	-
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ -	\$ -

(Concluded)

NEMAHA COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013

	Road Equipment Fund	County Visitors Promotion Fund	County Visitors Improvement Fund	Register of Deeds Preservation Fund	Vacation/Sick Leave Claim Reserve Fund
RECEIPTS					
Property Taxes	\$ -	\$ 11,898	\$ 11,898	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charges for Services	-	-	-	2,303	-
Miscellaneous	-	120	-	-	-
TOTAL RECEIPTS	-	12,018	11,898	2,303	-
DISBURSEMENTS					
General Government	-	-	-	619	5,050
Public Safety	-	-	-	-	-
Public Works	88,569	-	-	-	463
Culture and Recreation	-	13,462	13,750	-	-
TOTAL DISBURSEMENTS	88,569	13,462	13,750	619	5,513
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(88,569)	(1,444)	(1,852)	1,684	(5,513)
OTHER FINANCING SOURCES (USES)					
Transfers in	100,000	-	-	-	6,000
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	100,000	-	-	-	6,000
Net Change in Fund Balances	11,431	(1,444)	(1,852)	1,684	487
FUND BALANCES - BEGINNING	100,000	18,927	16,710	-	-
FUND BALANCES - ENDING	\$ 111,431	\$ 17,483	\$ 14,858	\$ 1,684	\$ 487
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	17,483	14,858	-	-
911 Emergency Services	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	-	1,684	-
Future Compensation Benefits	-	-	-	-	487
Committed to:					
Law Enforcement	-	-	-	-	-
Road Maintenance	111,431	-	-	-	-
TOTAL FUND BALANCES	\$ 111,431	\$ 17,483	\$ 14,858	\$ 1,684	\$ 487

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

For the Year Ended June 30, 2013

	Diversion Program STOP Fund	Drug Coalition Fund	Canine (K-9) Dog Fund	Federal Crime Grant Fund	911 Wireless Service Fund	911 Wireless Service Holding Fund
RECEIPTS						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 53,896	\$ -
Intergovernmental	2,900	68,604	-	-	-	-
Charges for Services	-	-	-	-	-	-
Miscellaneous	-	2,717	50	-	-	-
TOTAL RECEIPTS	<u>2,900</u>	<u>71,321</u>	<u>50</u>	<u>-</u>	<u>53,896</u>	<u>-</u>
DISBURSEMENTS						
General Government	-	-	-	-	-	-
Public Safety	1,340	108,851	324	618	14,938	-
Public Works	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>1,340</u>	<u>108,851</u>	<u>324</u>	<u>618</u>	<u>14,938</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,560</u>	<u>(37,530)</u>	<u>(274)</u>	<u>(618)</u>	<u>38,958</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	5,000	-	-	-	28,291
Transfers out	-	-	-	-	(28,291)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>(28,291)</u>	<u>28,291</u>
Net Change in Fund Balances	1,560	(32,530)	(274)	(618)	10,667	28,291
FUND BALANCES - BEGINNING	<u>2,806</u>	<u>37,681</u>	<u>2,004</u>	<u>760</u>	<u>28,291</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 4,366</u>	<u>\$ 5,151</u>	<u>\$ 1,730</u>	<u>\$ 142</u>	<u>\$ 38,958</u>	<u>\$ 28,291</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	-
911 Emergency Services	-	-	-	-	38,958	28,291
Law Enforcement	-	-	-	142	-	-
Preservation of Records	-	-	-	-	-	-
Future Compensation Benefits	-	-	-	-	-	-
Committed to:						
Law Enforcement	4,366	5,151	1,730	-	-	-
Road Maintenance	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 4,366</u>	<u>\$ 5,151</u>	<u>\$ 1,730</u>	<u>\$ 142</u>	<u>\$ 38,958</u>	<u>\$ 28,291</u>

NEMAHA COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013

	911 Emergency Services Fund	Total Nonmajor Governmental Funds
RECEIPTS		
Property Taxes	\$ 32,824	\$ 110,516
Intergovernmental	-	71,504
Charges for Services	-	2,303
Miscellaneous	-	2,887
TOTAL RECEIPTS	<u>32,824</u>	<u>187,210</u>
DISBURSEMENTS		
General Government	-	5,669
Public Safety	21,584	147,655
Public Works	-	89,032
Culture and Recreation	-	27,212
TOTAL DISBURSEMENTS	<u>21,584</u>	<u>269,568</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>11,240</u>	<u>(82,358)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	139,291
Transfers out	-	(28,291)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>111,000</u>
Net Change in Fund Balances	11,240	28,642
FUND BALANCES - BEGINNING	<u>42,745</u>	<u>249,924</u>
FUND BALANCES - ENDING	<u>\$ 53,985</u>	<u>\$ 278,566</u>
FUND BALANCES:		
Restricted for:		
Visitor Promotion	-	32,341
911 Emergency Services	53,985	121,234
Law Enforcement	-	142
Preservation of Records	-	1,684
Future Compensation Benefits	-	487
Committed to:		
Law Enforcement	-	11,247
Road Maintenance	-	111,431
TOTAL FUND BALANCES	<u>\$ 53,985</u>	<u>\$ 278,566</u>

NEMAHA COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2013

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Extension Office	Nemaha Against Drug & Alcohol Abuse	Veterans' Service Officer	Total
BALANCES JULY 1, 2012	\$ 5,738	\$ 43,737	\$ 1,168	\$ 6,075	\$ -	\$ 1,130	\$ 2,191	\$ 60,039
RECEIPTS								
Licenses and Permits	-	-	1,015	-	-	-	-	1,015
Intergovernmental	-	-	47,790	-	-	-	-	47,790
Charges for Services	59,758	11,246	44,582	530	-	-	-	116,116
Miscellaneous	-	-	10,495	-	25	5,841	400	16,761
State Fees	61,711	11,770	-	-	-	-	-	73,481
Other Liabilities	72	599,508	78,024	3,701	-	-	-	681,305
TOTAL RECEIPTS	<u>121,541</u>	<u>622,524</u>	<u>181,906</u>	<u>4,231</u>	<u>25</u>	<u>5,841</u>	<u>400</u>	<u>936,468</u>
DISBURSEMENTS								
Payments to County Treasurer	59,325	11,247	86,250	560	-	630	-	158,012
Payments to State Treasurer	60,685	11,627	220	-	-	-	-	72,532
Other Liabilities	72	605,901	78,024	3,792	-	5,841	-	693,630
TOTAL DISBURSEMENTS	<u>120,082</u>	<u>628,775</u>	<u>164,494</u>	<u>4,352</u>	<u>-</u>	<u>6,471</u>	<u>-</u>	<u>924,174</u>
BALANCES JUNE 30, 2013	<u>\$ 7,197</u>	<u>\$ 37,486</u>	<u>\$ 18,580</u>	<u>\$ 5,954</u>	<u>\$ 25</u>	<u>\$ 500</u>	<u>\$ 2,591</u>	<u>\$ 72,333</u>
BALANCES CONSIST OF:								
Due to County Treasurer	\$ 4,360	\$ 477	\$ 17,580	\$ 1,114	\$ -	\$ -	\$ 2,591	\$ 26,122
Petty Cash	-	-	1,000	-	25	500	-	1,525
Due to State Treasurer	2,837	755	-	-	-	-	-	3,592
Due to Others	-	36,254	-	4,840	-	-	-	41,094
BALANCES JUNE 30, 2013	<u>\$ 7,197</u>	<u>\$ 37,486</u>	<u>\$ 18,580</u>	<u>\$ 5,954</u>	<u>\$ 25</u>	<u>\$ 500</u>	<u>\$ 2,591</u>	<u>\$ 72,333</u>

NEMAHA COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
 June 30, 2013

Item	2008	2009	2010	2011	2012
Tax Certified by Assessor					
Real Estate	\$ 9,104,053	\$ 9,544,945	\$ 10,608,513	\$ 10,728,618	\$ 11,238,060
Personal and Specials	607,826	658,775	672,319	798,152	841,446
Total	9,711,879	10,203,720	11,280,832	11,526,770	12,079,506
Corrections					
Additions	3,293	4,471	3,673	3,486	2,923
Deductions	(7,262)	(6,760)	(6,175)	(16,311)	(1,918)
Net Additions/ (Deductions)	(3,969)	(2,289)	(2,502)	(12,825)	1,005
Corrected Certified Tax	9,707,910	10,201,431	11,278,330	11,513,945	12,080,511
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2009	5,803,436	-	-	-	-
June 30, 2010	3,889,259	6,072,502	-	-	-
June 30, 2011	9,679	4,110,634	6,849,897	-	-
June 30, 2012	2,410	10,333	4,409,140	6,997,693	-
June 30, 2013	1,009	2,587	9,869	4,512,457	7,407,077
Total Net Collections	9,705,793	10,196,056	11,268,906	11,510,150	7,407,077
Total Uncollected Tax	\$ 2,117	\$ 5,375	\$ 9,424	\$ 3,795	\$ 4,673,434
Percentage Uncollected Tax	0.02%	0.05%	0.08%	0.03%	38.69%



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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

Board of Commissioners
Nemaha 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 Nemaha County, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Nemaha County's basic financial statements, and have issued our report thereon dated May 8, 2014. The report notes the financial statements were prepared on the basis of cash receipts, and disbursements and do not include the financial data of the Nemaha County Hospital, a component unit of Nemaha County.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Nemaha 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 Nemaha County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be 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 Nemaha County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Additional Items

We also noted certain matters that we reported to management of Nemaha County in a separate letter dated May 8, 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.

May 8, 2014



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska



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May 8, 2014

Board of Commissioners
Nemaha County, Nebraska

Dear Commissioners:

We have audited the basic financial statements of Nemaha County (County) for the fiscal year ended June 30, 2013, and have issued our report thereon dated May 8, 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 following areas:

COUNTY OVERALL

Segregation of Duties

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

We noted the offices of the County each lacked a segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. Due to a limited number of personnel, an adequate segregation of duties is not possible without additional cost. This was also noted in prior audits.

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

COUNTY BOARD

Tax Sale Foreclosures

During our audit, it was noted that the County Board did not direct the County Attorney to foreclose on delinquent real estate taxes that were over three years old.

Neb. Rev. Stat. § 77-1901 (Cum. Supp. 2012) states, in relevant part:

After any parcel of real estate has been offered for sale and not sold for want of bidders, the county board shall make and enter an order directing the county attorney to foreclose the lien for all taxes then delinquent . . . in the same manner and with like effect as in the foreclosure of real estate mortgages, except as otherwise specifically provided by sections 77-1903 to 77-1917.

When the County Board does not direct the County Attorney to foreclose on delinquent real estate taxes, property remains in the possession of non-paying taxpayers and there is a risk of loss or misuse of future tax collections.

We recommend the County Board direct the County Attorney to foreclose on all real property upon which taxes are delinquent for three or more years.

Expenditures In Excess of Budget

The County Sheriff expenditures in the General Fund exceeded the adopted budget by \$103,064, with no budget amendment adopted by the County Board.

Neb. Rev. Stat. § 23-916 (Reissue 2012) states,

After the adoption of the county budget, no officer, department or other expending agency shall expend or contract to be expended any money, or incur any liability, which involves the expenditure of money not provided for in the budget, or which involves the expenditure of any money for any of the purposes for which provision is made in the budget in excess of the amounts provided in said budget for such office, department or other expending agency, or purpose, for such fiscal year. Any contract, verbal or written, made in violation of this section shall be null and void as to the county, and no money belonging thereto shall be paid thereon.

When expenditures are made in excess of the County's adopted budget, the County is not in compliance with State statute.

We recommend the County implement procedures to closely monitor expenditures throughout the year and, if necessary, amend the County's budget prior to the fiscal year end to avoid expending in excess of the County's adopted budget.

CLERK OF THE DISTRICT COURT

Unclaimed Property

During testing, as of June 30, 2013, we noted:

- Nineteen of 20 case balances, totaling \$3,171, were not properly remitted to the correct payee or sent to the State Treasurer as unclaimed property in a timely manner.
- Twenty-eight checks, totaling \$1,807, had remained unclaimed for more than three years.

Neb. Rev. Stat. § 69-1307.01 (Reissue 2009) states that intangible personal property held by public entities or political subdivisions that has remained unclaimed for more than three years is presumed abandoned. Neb. Rev. Stat. § 69-1310 (Reissue 2009) requires such items be reported to the Nebraska State Treasurer before November 1st of each year as of June 30 next proceeding.

Good internal control requires the Clerk of the District Court to have procedures in place that provide an ongoing, detailed review of all monthly financial reports, including the Monthly Case Balance Report. In addition, sound accounting practices require proper actions be taken to follow up on old case balances and uncashed checks to determine if they are still active.

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

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

COUNTY SHERIFF

Sheriff Balancing Procedures

At June 30, 2013, office records indicated that the County Sheriff's assets exceeded liabilities by \$121.

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

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

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

COUNTY ATTORNEY

Excess Balance

At June 30, 2013, the County Attorney had an unknown trust balance of \$4,787.

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

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

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

Untimely Deposits

During our review of receipts in the County Attorney's office for the fiscal year ended June 30, 2013, we noted 18 receipts totaling \$406 that were not deposited in a secured depository for a period of 18 to 39 days after the receipt date.

Sound accounting practice and good internal controls dictate depositing any money received as soon as possible in a secured depository – thus, allowing for accurate financial records and decreasing the risk of loss or theft.

We recommend the County Attorney make deposits weekly or biweekly in either a secured depository or with the County Treasurer.

* * * *

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 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,

A handwritten signature in cursive script that reads "Deann Haeffner".

Deann Haeffner
Assistant Deputy Auditor