

**AUDIT REPORT  
OF  
NEMAHA COUNTY**

**JULY 1, 2013 THROUGH JUNE 30, 2014**

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The Auditor of Public Accounts.**

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**Issued on August 29, 2014**

NEMAHA COUNTY

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NEMAHA COUNTY

**LIST OF COUNTY OFFICIALS**

At June 30, 2014

<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
Richard Vlach	Veterans' Service Officer	Appointed
Joe Wittwer	Weed Superintendent	Appointed
Tom Catlett	Surveyor	Appointed



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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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, 2014, 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**

<b>Opinion Unit</b>	<b>Type of Opinion</b>
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, 2014, 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, 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, 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 20 - 33, 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 August 27, 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.



Deann Haeffner, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska

August 27, 2014

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

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents (Note 1.D)	\$ 4,114,792
Investments (Note 1.D)	42
<b>TOTAL ASSETS</b>	<b>\$ 4,114,834</b>
<b>NET POSITION</b>	
Restricted for:	
Visitor Promotion	\$ 30,299
911 Emergency Services	159,791
Law Enforcement	142
Debt Service	403,754
Preservation of Records	2,370
Bridge Projects	191,649
Unrestricted	3,326,829
<b>TOTAL NET POSITION</b>	<b>\$ 4,114,834</b>

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

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

<b>Functions:</b>	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
General Government	\$ (1,548,573)	\$ 290,119	\$ 84,324	\$ (1,174,130)
Public Safety	(1,353,585)	350,355	95,100	(908,130)
Public Works	(2,137,747)	41,831	1,093,651	(1,002,265)
Health and Sanitation	(26,000)	-	-	(26,000)
Public Assistance	(57,481)	-	-	(57,481)
Culture and Recreation	(21,662)	-	-	(21,662)
Debt Payments	(334,136)	-	-	(334,136)
<b>Total Governmental Activities</b>	<b><u><u>\$ (5,479,184)</u></u></b>	<b><u><u>\$ 682,305</u></u></b>	<b><u><u>\$ 1,273,075</u></u></b>	<b><u><u>(3,523,804)</u></u></b>

General Receipts:

Property Taxes	3,459,639
Grants and Contributions Not Restricted to Specific Programs	242,075
Investment Income	11,512
Licenses and Permits	21,560
Miscellaneous	390,097
<b>Total General Receipts</b>	<b><u><u>4,124,883</u></u></b>
 Increase in Net Position	 601,079
Net Position - Beginning of year	3,513,755
Net Position - End of year	<b><u><u>\$ 4,114,834</u></u></b>

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

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

	<u>General Fund</u>	<u>Road Fund</u>	<u>Inheritance Fund</u>	<u>County Building Fund</u>	<u>Road/Bridge Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>							
Cash and Cash Equivalents (Note 1.D)	\$ 515,068	\$ 349,301	\$ 721,510	\$472,500	\$ 1,185,000	\$ 871,413	\$ 4,114,792
Investments (Note 1.D)	42	-	-	-	-	-	42
<b>TOTAL ASSETS</b>	<u>\$ 515,110</u>	<u>\$ 349,301</u>	<u>\$ 721,510</u>	<u>\$472,500</u>	<u>\$ 1,185,000</u>	<u>\$ 871,413</u>	<u>\$ 4,114,834</u>
<b>FUND BALANCES</b>							
Restricted for:							
Visitor Promotion	-	-	-	-	-	30,299	30,299
911 Emergency Services	-	-	-	-	-	159,791	159,791
Law Enforcement	-	-	-	-	-	142	142
Debt Service	-	-	-	-	-	403,754	403,754
Preservation of Records	-	-	-	-	-	2,370	2,370
Future Compensation Benefits	-	-	-	-	-	-	-
Bridge Projects	-	-	-	-	-	191,649	191,649
Committed to:							
Law Enforcement	-	-	-	-	-	11,110	11,110
Road Maintenance	-	349,301	-	-	1,185,000	53,558	1,587,859
Future Compensation Benefits	-	-	-	-	-	18,740	18,740
County Buildings	-	-	-	472,500	-	-	472,500
Assigned to:							
Other Purposes	-	-	721,510	-	-	-	721,510
Unassigned	515,110	-	-	-	-	-	515,110
<b>TOTAL CASH BASIS FUND BALANCES</b>	<u>\$ 515,110</u>	<u>\$ 349,301</u>	<u>\$ 721,510</u>	<u>\$472,500</u>	<u>\$ 1,185,000</u>	<u>\$ 871,413</u>	<u>\$ 4,114,834</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, 2014

	General Fund	Road Fund	Inheritance Fund	County Building Fund	Road/Bridge Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>							
Property Taxes	\$ 3,095,854	\$ 4	\$ 266,439	\$ -	\$ -	\$ 97,342	\$ 3,459,639
Licenses and Permits	21,560	-	-	-	-	-	21,560
Interest	10,046	-	-	-	-	1,466	11,512
Intergovernmental	367,636	940,453	-	-	-	207,061	1,515,150
Charges for Services	635,009	41,831	-	-	-	5,465	682,305
Miscellaneous	26,243	28,734	-	-	-	335,120	390,097
<b>TOTAL RECEIPTS</b>	<u>4,156,348</u>	<u>1,011,022</u>	<u>266,439</u>	<u>-</u>	<u>-</u>	<u>646,454</u>	<u>6,080,263</u>
<b>DISBURSEMENTS</b>							
General Government	1,527,454	-	14,663	-	-	6,456	1,548,573
Public Safety	1,296,405	-	-	-	-	57,180	1,353,585
Public Works	2,147	2,002,727	-	-	-	132,873	2,137,747
Health and Sanitation	26,000	-	-	-	-	-	26,000
Public Assistance	57,481	-	-	-	-	-	57,481
Culture and Recreation	-	-	-	-	-	21,662	21,662
Debt Service:							
Principal Payments	-	-	-	-	-	285,000	285,000
Interest and Fiscal Charges	-	-	-	-	-	49,136	49,136
<b>TOTAL DISBURSEMENTS</b>	<u>2,909,487</u>	<u>2,002,727</u>	<u>14,663</u>	<u>-</u>	<u>-</u>	<u>552,307</u>	<u>5,479,184</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>1,246,861</u>	<u>(991,705)</u>	<u>251,776</u>	<u>-</u>	<u>-</u>	<u>94,147</u>	<u>601,079</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	50,000	1,029,874	19,175	120,000	635,000	163,125	2,017,174
Transfers out	(1,214,049)	(10,000)	(725,000)	-	-	(68,125)	(2,017,174)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,164,049)</u>	<u>1,019,874</u>	<u>(705,825)</u>	<u>120,000</u>	<u>635,000</u>	<u>95,000</u>	<u>-</u>
Net Change in Fund Balances	82,812	28,169	(454,049)	120,000	635,000	189,147	601,079
<b>CASH BASIS FUND BALANCES - BEGINNING</b>	<u>432,298</u>	<u>321,132</u>	<u>1,175,559</u>	<u>352,500</u>	<u>550,000</u>	<u>682,266</u>	<u>3,513,755</u>
<b>CASH BASIS FUND BALANCES - ENDING</b>	<u>\$ 515,110</u>	<u>\$ 349,301</u>	<u>\$ 721,510</u>	<u>\$ 472,500</u>	<u>\$ 1,185,000</u>	<u>\$ 871,413</u>	<u>\$ 4,114,834</u>

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

	Agency Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 810,425
 <b>LIABILITIES</b>	
Due to other governments	
State	102,278
Schools	523,347
Educational Service Units	1,526
Technical College	6,735
Natural Resource Districts	4,420
Fire Districts	2,533
Municipalities	154,051
Agricultural Society	539
Others	14,996
<b>TOTAL LIABILITIES</b>	<b>810,425</b>
 <b>TOTAL NET ASSETS</b>	 <b>\$ -</b>

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

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2014

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 \$12,901 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.

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 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) (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 contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as general receipts.

NEMAHA COUNTY

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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

**Fund Financial Statements.** The fund financial statements provide information about the County's funds, including its fiduciary funds. GAAP requires separate statements by fund category – governmental, proprietary, and fiduciary. The County uses only the governmental and fiduciary fund categories. The County Board is the highest level of decision-making authority and has the authority, by resolution, to establish, modify or rescind the commitment or assignment of a fund balance to a specific purpose. When resources for a specific purpose are available in more than one fund balance classification, the County's policy is to use resources in the following order: restricted, committed, assigned, and unassigned. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

**General Fund.** This is the County's primary operating fund. It accounts for financial resources of the general government, except those required to be accounted for in another fund.

**Road Fund.** This fund is used to account for costs associated with the repair and maintenance of roads and bridges 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.

**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.

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

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

NEMAHA COUNTY

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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

The County designates fund balances as:

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

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

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

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

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

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

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

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 \$788,005 of restricted net position, of which \$192,602 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.

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 \$4,114,792 for County funds and \$810,425 for Fiduciary funds. The bank balances for all funds totaled \$4,863,373. 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.

The County's carrying value of investments is stated at cost, which approximates market. Investments consisted of \$42 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

NEMAHA COUNTY

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**2. Deposits and Investments** (Concluded)

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 2013, for the 2013 taxes, which will be materially collected in May and September 2014, was set at \$.354899/\$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 \$.365975/\$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) 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.

NEMAHA COUNTY

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**4. Retirement System** (Concluded)

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, 61 employees contributed \$88,015, and the County contributed \$129,636. Contributions included \$4,656 in cash contributions towards the supplemental law enforcement plan for 13 law enforcement employees. Lastly, the County paid \$309 directly to four 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 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.

NEMAHA COUNTY

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**5. Risk Management** (Concluded)

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:

<u>Transfers to</u>	Transfers from				Total
	General Fund	Inheritance Fund	Road Fund	Nonmajor Funds	
General Fund	\$ -	\$ 50,000	\$ -	\$ -	\$ 50,000
Road Fund	979,874	50,000	-	-	1,029,874
Inheritance Fund	19,175	-	-	-	19,175
County Building Fund Road/Bridge	120,000	-	-	-	120,000
Improvement Fund	85,000	550,000	-	-	635,000
Nonmajor Funds	10,000	75,000	10,000	68,125	163,125
<b>Total</b>	<u>\$ 1,214,049</u>	<u>\$ 725,000</u>	<u>\$ 10,000</u>	<u>\$ 68,125</u>	<u>\$ 2,017,174</u>

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

NEMAHA COUNTY

**NOTES TO FINANCIAL STATEMENTS**  
(Concluded)

**7. Long-Term Debt**

The County issued bonds in January 2004 for the 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. In November 2013, the Series 2004 bonds were fully refunded by General Obligation Refunding Bonds, Series 2013. The Series 2013 bond payable balance, as of June 30, 2014, was \$1,990,000. 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, 2014, 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:

<b>Year</b>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 330,000	\$ 18,601	\$ 348,601
2016	325,000	16,967	341,967
2017	325,000	14,448	339,448
2018	330,000	10,842	340,842
2019	340,000	6,059	346,059
2020	340,000	720	340,720
Total Payments	<u>\$ 1,990,000</u>	<u>\$ 67,637</u>	<u>\$ 2,057,637</u>

**NEMAHA 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)
<b>RECEIPTS</b>				
Taxes	\$ 3,290,089	\$ 3,290,089	\$ 3,095,854	\$ (194,235)
Licenses and Permits	25,500	25,500	21,560	(3,940)
Interest	8,040	8,040	10,046	2,006
Intergovernmental	376,921	376,921	367,636	(9,285)
Charges for Services	605,172	605,172	635,009	29,837
Miscellaneous	42,500	42,500	26,243	(16,257)
<b>TOTAL RECEIPTS</b>	<u>4,348,222</u>	<u>4,348,222</u>	<u>4,156,348</u>	<u>(191,874)</u>
<b>DISBURSEMENTS</b>				
General Government:				
County Board	65,238	65,238	63,407	1,831
County Clerk	106,016	106,016	105,483	533
County Treasurer	112,781	112,781	112,713	68
County Assessor	172,825	172,825	160,494	12,331
Election Commissioner	20,950	20,950	15,457	5,493
Clerk of the District Court	65,002	65,002	57,036	7,966
County Court System	1,675	1,675	1,471	204
District Judge	51,954	51,954	49,968	1,986
Building and Grounds	227,495	227,495	210,374	17,121
Agricultural Extension Agent	61,506	61,506	60,695	811
Miscellaneous	952,566	952,566	690,356	262,210
Public Safety				
County Sheriff	816,444	816,444	615,832	200,612
County Attorney	131,851	131,851	128,618	3,233
Child Support	27,250	27,250	26,249	1,001
County Jail	495,605	495,605	388,297	107,308
Emergency Management	112,637	112,637	100,716	11,921
Miscellaneous	61,800	61,800	36,693	25,107
Public Works				
County Surveyor	750	750	697	53
Miscellaneous	1,450	1,450	1,450	-
Public Health				
Miscellaneous	29,800	29,800	26,000	3,800
Public Assistance				
Veterans' Service Officer	35,654	35,654	28,768	6,886
Relief	16,950	16,950	4,997	11,953
Institutions	5,000	5,000	2,190	2,810
Miscellaneous	47,660	47,660	21,526	26,134
<b>TOTAL DISBURSEMENTS</b>	<u>3,620,859</u>	<u>3,620,859</u>	<u>2,909,487</u>	<u>711,372</u>

(Continued)

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

For the Year Ended June 30, 2014

EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>727,363</u>	<u>727,363</u>	<u>1,246,861</u>	<u>519,498</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	50,000	50,000	50,000	-
Transfers out	<u>(1,009,661)</u>	<u>(1,009,661)</u>	<u>(1,214,049)</u>	<u>(204,388)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(959,661)</u>	<u>(959,661)</u>	<u>(1,164,049)</u>	<u>(204,388)</u>
Net Change in Fund Balance	<u>(232,298)</u>	<u>(232,298)</u>	82,812	315,110
<b>FUND BALANCE - BEGINNING</b>	<u>432,298</u>	<u>432,298</u>	<u>432,298</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u><u>\$ 200,000</u></u>	<u><u>\$ 200,000</u></u>	<u><u>\$ 515,110</u></u>	<u><u>\$ 315,110</u></u>

(Concluded)

**NEMAHA 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)
<b>ROAD FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ -	\$ -	\$ 4	\$ 4
Intergovernmental	810,000	810,000	940,453	130,453
Charges for Services	200,000	200,000	41,831	(158,169)
Miscellaneous	2,000	2,000	28,734	26,734
<b>TOTAL RECEIPTS</b>	<u>1,012,000</u>	<u>1,012,000</u>	<u>1,011,022</u>	<u>(978)</u>
<b>DISBURSEMENTS</b>	<u>2,360,908</u>	<u>2,360,908</u>	<u>2,002,727</u>	<u>358,181</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(1,348,908)</u>	<u>(1,348,908)</u>	<u>(991,705)</u>	<u>357,203</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,047,611	1,047,611	1,029,874	(17,737)
Transfers out	(10,000)	(10,000)	(10,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,037,611</u>	<u>1,037,611</u>	<u>1,019,874</u>	<u>(17,737)</u>
Net Change in Fund Balance	(311,297)	(311,297)	28,169	339,466
FUND BALANCE - BEGINNING	321,132	321,132	321,132	-
FUND BALANCE - ENDING	<u>\$ 9,835</u>	<u>\$ 9,835</u>	<u>\$ 349,301</u>	<u>\$ 339,466</u>
<b>INHERITANCE FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ -	\$ -	\$ 266,439	\$ 266,439
<b>TOTAL RECEIPTS</b>	<u>-</u>	<u>-</u>	<u>266,439</u>	<u>266,439</u>
<b>DISBURSEMENTS</b>	<u>450,559</u>	<u>450,559</u>	<u>14,663</u>	<u>435,896</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(450,559)</u>	<u>(450,559)</u>	<u>251,776</u>	<u>702,335</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	19,175	19,175
Transfers out	(725,000)	(725,000)	(725,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(725,000)</u>	<u>(725,000)</u>	<u>(705,825)</u>	<u>19,175</u>
Net Change in Fund Balance	(1,175,559)	(1,175,559)	(454,049)	721,510
FUND BALANCE - BEGINNING	1,175,559	1,175,559	1,175,559	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 721,510</u>	<u>\$ 721,510</u>

(Continued)

**NEMAHA 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)
<b>COUNTY BUILDING FUND</b>				
<b>RECEIPTS</b>				
TOTAL RECEIPTS	-	-	-	-
<b>DISBURSEMENTS</b>				
	352,500	352,500	-	352,500
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>				
	(352,500)	(352,500)	-	352,500
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	120,000	120,000
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	120,000	120,000
Net Change in Fund Balance	(352,500)	(352,500)	120,000	472,500
FUND BALANCE - BEGINNING	352,500	352,500	352,500	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 472,500	\$ 472,500
<b>ROAD/BRIDGE IMPROVEMENT FUND</b>				
<b>RECEIPTS</b>				
TOTAL RECEIPTS	-	-	-	-
<b>DISBURSEMENTS</b>				
	1,100,000	1,100,000	-	1,100,000
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>				
	(1,100,000)	(1,100,000)	-	1,100,000
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	550,000	550,000	635,000	85,000
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	550,000	550,000	635,000	85,000
Net Change in Fund Balance	(550,000)	(550,000)	635,000	1,185,000
FUND BALANCE - BEGINNING	550,000	550,000	550,000	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 1,185,000	\$ 1,185,000

(Concluded)

**NEMAHA 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)
<b>HOSPITAL BOND FUND</b>				
RECEIPTS	\$ 366,032	\$ 366,032	\$ 334,190	\$ (31,842)
DISBURSEMENTS	769,732	769,732	334,136	435,596
Net Change in Fund Balance	(403,700)	(403,700)	54	403,754
FUND BALANCE - BEGINNING	403,700	403,700	403,700	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 403,754</u>	<u>\$ 403,754</u>
<b>ROAD EQUIPMENT FUND</b>				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	186,431	186,431	132,873	53,558
OTHER FINANCING SOURCES (USES)				
Transfers in	75,000	75,000	75,000	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	75,000	75,000	75,000	-
Net Change in Fund Balance	(111,431)	(111,431)	(57,873)	53,558
FUND BALANCE - BEGINNING	111,431	111,431	111,431	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,558</u>	<u>\$ 53,558</u>
<b>HIGHWAY BRIDGE BUYBACK PROGRAM FUND</b>				
RECEIPTS	\$ 400,000	\$ 400,000	\$ 191,649	\$ (208,351)
DISBURSEMENTS	400,000	400,000	-	400,000
Net Change in Fund Balance	-	-	191,649	191,649
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191,649</u>	<u>\$ 191,649</u>

(Continued)

**NEMAHA 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)
<b>COUNTY VISITORS PROMOTION FUND</b>				
RECEIPTS	\$ 10,000	\$ 10,000	\$ 9,810	\$ (190)
DISBURSEMENTS	27,483	27,483	12,162	15,321
Net Change in Fund Balance	(17,483)	(17,483)	(2,352)	15,131
FUND BALANCE - BEGINNING	17,483	17,483	17,483	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,131</u>	<u>\$ 15,131</u>
<b>COUNTY VISITORS IMPROVEMENT FUND</b>				
RECEIPTS	\$ 10,000	\$ 10,000	\$ 9,810	\$ (190)
DISBURSEMENTS	24,858	24,858	9,500	15,358
Net Change in Fund Balance	(14,858)	(14,858)	310	15,168
FUND BALANCE - BEGINNING	14,858	14,858	14,858	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,168</u>	<u>\$ 15,168</u>
<b>REGISTER OF DEEDS PRESERVATION FUND</b>				
RECEIPTS	\$ 5,000	\$ 5,000	\$ 5,395	\$ 395
DISBURSEMENTS	6,684	6,684	4,709	1,975
Net Change in Fund Balance	(1,684)	(1,684)	686	2,370
FUND BALANCE - BEGINNING	1,684	1,684	1,684	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,370</u>	<u>\$ 2,370</u>

(Continued)

NEMAHA 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)
<b>VACATION/SICK LEAVE CLAIM RESERVE FUND</b>				
<b>RECEIPTS</b>	\$ -	\$ -	\$ -	\$ -
<b>DISBURSEMENTS</b>	22,537	22,537	1,747	20,790
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	22,050	22,050	20,000	(2,050)
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	22,050	22,050	20,000	(2,050)
Net Change in Fund Balance	(487)	(487)	18,253	18,740
FUND BALANCE - BEGINNING	487	487	487	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 18,740	\$ 18,740
<b>DIVERSION PROGRAM STOP FUND</b>				
<b>RECEIPTS</b>	\$ 3,000	\$ 3,000	\$ 2,700	\$ (300)
<b>DISBURSEMENTS</b>	7,366	7,366	-	7,366
Net Change in Fund Balance	(4,366)	(4,366)	2,700	7,066
FUND BALANCE - BEGINNING	4,366	4,366	4,366	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 7,066	\$ 7,066
<b>DRUG COALITION FUND</b>				
<b>RECEIPTS</b>	\$ 15,405	\$ 15,405	\$ 14,784	\$ (621)
<b>DISBURSEMENTS</b>	20,556	20,556	17,155	3,401
Net Change in Fund Balance	(5,151)	(5,151)	(2,371)	2,780
FUND BALANCE - BEGINNING	5,151	5,151	5,151	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 2,780	\$ 2,780

(Continued)

NEMAHA 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)
<b>FEDERAL DRUG LAW</b>				
<b>ENFORCEMENT FORFEITURE FUND</b>				
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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>CANINE (K-9) DOG FUND</b>				
RECEIPTS	\$ 8,000	\$ 8,000	\$ 70	\$ (7,930)
DISBURSEMENTS	9,730	9,730	536	9,194
Net Change in Fund Balance	(1,730)	(1,730)	(466)	1,264
FUND BALANCE - BEGINNING	1,730	1,730	1,730	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,264</u>	<u>\$ 1,264</u>
<b>FEDERAL CRIME GRANT FUND</b>				
RECEIPTS	\$ 3,500	\$ 3,500	\$ 309	\$ (3,191)
DISBURSEMENTS	3,642	3,642	309	3,333
Net Change in Fund Balance	(142)	(142)	-	142
FUND BALANCE - BEGINNING	142	142	142	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142</u>	<u>\$ 142</u>

(Continued)

NEMAHA 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)
<b>911 WIRELESS SERVICE FUND</b>				
RECEIPTS	\$ 45,985	\$ 45,985	\$ 45,985	\$ -
DISBURSEMENTS	45,986	45,986	14,818	31,168
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(38,957)	(38,957)	(68,125)	(29,168)
TOTAL OTHER FINANCING SOURCES (USES)	(38,957)	(38,957)	(68,125)	(29,168)
Net Change in Fund Balance	(38,958)	(38,958)	(36,958)	2,000
FUND BALANCE - BEGINNING	38,958	38,958	38,958	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>
<b>911 WIRELESS SERVICE HOLDING FUND</b>				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	67,248	67,248	-	67,248
OTHER FINANCING SOURCES (USES)				
Transfers in	38,957	38,957	68,125	29,168
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	38,957	38,957	68,125	29,168
Net Change in Fund Balance	(28,291)	(28,291)	68,125	96,416
FUND BALANCE - BEGINNING	28,291	28,291	28,291	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,416</u>	<u>\$ 96,416</u>
<b>911 EMERGENCY SERVICE FUND</b>				
RECEIPTS	\$ 30,000	\$ 30,000	\$ 31,752	\$ 1,752
DISBURSEMENTS	83,985	83,985	24,362	59,623
Net Change in Fund Balance	(53,985)	(53,985)	7,390	61,375
FUND BALANCE - BEGINNING	53,985	53,985	53,985	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,375</u>	<u>\$ 61,375</u>

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

	Hospital Bond Fund	Road Equipment Fund	Highway Bridge Buyback Program Fund	County Visitors Promotion Fund	County Visitors Improvement Fund
<b>RECEIPTS</b>					
Property Taxes	\$ -	\$ -	\$ -	\$ 9,810	\$ 9,810
Interest	1,466	-	-	-	-
Intergovernmental	-	-	191,649	-	-
Charges for Services	-	-	-	-	-
Miscellaneous	332,724	-	-	-	-
<b>TOTAL RECEIPTS</b>	<u>334,190</u>	<u>-</u>	<u>191,649</u>	<u>9,810</u>	<u>9,810</u>
<b>DISBURSEMENTS</b>					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	132,873	-	-	-
Culture and Recreation	-	-	-	12,162	9,500
Debt Service:					
Principal Payments	285,000	-	-	-	-
Interest and Fiscal Charges	49,136	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>334,136</u>	<u>132,873</u>	<u>-</u>	<u>12,162</u>	<u>9,500</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>54</u>	<u>(132,873)</u>	<u>191,649</u>	<u>(2,352)</u>	<u>310</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	75,000	-	-	-
Transfers out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	54	(57,873)	191,649	(2,352)	310
<b>FUND BALANCES - BEGINNING</b>	<u>403,700</u>	<u>111,431</u>	<u>-</u>	<u>17,483</u>	<u>14,858</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 403,754</u>	<u>\$ 53,558</u>	<u>\$ 191,649</u>	<u>\$ 15,131</u>	<u>\$ 15,168</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	-	-	-	15,131	15,168
911 Emergency Services	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Debt Service	403,754	-	-	-	-
Preservation of Records	-	-	-	-	-
Bridge Projects	-	-	191,649	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Road Maintenance	-	53,558	-	-	-
Future Compensation Benefits	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 403,754</u>	<u>\$ 53,558</u>	<u>\$ 191,649</u>	<u>\$ 15,131</u>	<u>\$ 15,168</u>

(Continued)

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

	Register of Deeds Preservation Fund	Vacation/Sick Leave Claim Reserve Fund	Diversion Program STOP Fund	Drug Coalition Fund	Canine (K-9) Dog Fund
<b>RECEIPTS</b>					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	-
Intergovernmental	-	-	2,700	12,403	-
Charges for Services	5,395	-	-	-	70
Miscellaneous	-	-	-	2,381	-
<b>TOTAL RECEIPTS</b>	<u>5,395</u>	<u>-</u>	<u>2,700</u>	<u>14,784</u>	<u>70</u>
<b>DISBURSEMENTS</b>					
General Government	4,709	1,747	-	-	-
Public Safety	-	-	-	17,155	536
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>4,709</u>	<u>1,747</u>	<u>-</u>	<u>17,155</u>	<u>536</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>686</u>	<u>(1,747)</u>	<u>2,700</u>	<u>(2,371)</u>	<u>(466)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	20,000	-	-	-
Transfers out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	686	18,253	2,700	(2,371)	(466)
<b>FUND BALANCES - BEGINNING</b>	<u>1,684</u>	<u>487</u>	<u>4,366</u>	<u>5,151</u>	<u>1,730</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 2,370</u>	<u>\$ 18,740</u>	<u>\$ 7,066</u>	<u>\$ 2,780</u>	<u>\$ 1,264</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Debt Service	-	-	-	-	-
Preservation of Records	2,370	-	-	-	-
Bridge Projects	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	7,066	2,780	1,264
Road Maintenance	-	-	-	-	-
Future Compensation Benefits	-	18,740	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 2,370</u>	<u>\$ 18,740</u>	<u>\$ 7,066</u>	<u>\$ 2,780</u>	<u>\$ 1,264</u>

(Continued)

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

	Federal Crime Grant Fund	911 Wireless Service Fund	911 Wireless Service Holding Fund	911 Emergency Service Fund	Total Nonmajor Governmental Funds
<b>RECEIPTS</b>					
Property Taxes	\$ -	\$ 45,985	\$ -	\$ 31,737	\$ 97,342
Interest	-	-	-	-	1,466
Intergovernmental	309	-	-	-	207,061
Charges for Services	-	-	-	-	5,465
Miscellaneous	-	-	-	15	335,120
<b>TOTAL RECEIPTS</b>	<u>309</u>	<u>45,985</u>	<u>-</u>	<u>31,752</u>	<u>646,454</u>
<b>DISBURSEMENTS</b>					
General Government	-	-	-	-	6,456
Public Safety	309	14,818	-	24,362	57,180
Public Works	-	-	-	-	132,873
Culture and Recreation	-	-	-	-	21,662
Debt Service:					-
Principal Payments	-	-	-	-	285,000
Interest and Fiscal Charges	-	-	-	-	49,136
<b>TOTAL DISBURSEMENTS</b>	<u>309</u>	<u>14,818</u>	<u>-</u>	<u>24,362</u>	<u>552,307</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>-</u>	<u>31,167</u>	<u>-</u>	<u>7,390</u>	<u>94,147</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	68,125	-	163,125
Transfers out	-	(68,125)	-	-	(68,125)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>(68,125)</u>	<u>68,125</u>	<u>-</u>	<u>95,000</u>
Net Change in Fund Balances	-	(36,958)	68,125	7,390	189,147
<b>FUND BALANCES - BEGINNING</b>	<u>142</u>	<u>38,958</u>	<u>28,291</u>	<u>53,985</u>	<u>682,266</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 142</u>	<u>\$ 2,000</u>	<u>\$ 96,416</u>	<u>\$ 61,375</u>	<u>\$ 871,413</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	-	-	-	-	30,299
911 Emergency Services	-	2,000	96,416	61,375	159,791
Law Enforcement	142	-	-	-	142
Debt Service	-	-	-	-	403,754
Preservation of Records	-	-	-	-	2,370
Bridge Projects	-	-	-	-	191,649
Committed to:					
Law Enforcement	-	-	-	-	11,110
Road Maintenance	-	-	-	-	53,558
Future Compensation Benefits	-	-	-	-	18,740
<b>TOTAL FUND BALANCES</b>	<u>\$ 142</u>	<u>\$ 2,000</u>	<u>\$ 96,416</u>	<u>\$ 61,375</u>	<u>\$ 871,413</u>

(Concluded)

**NEMAHA COUNTY**  
**SCHEDULE OF OFFICE ACTIVITIES**  
For the Year Ended June 30, 2014

	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, 2013	\$ 7,197	\$ 37,486	\$ 18,580	\$ 5,954	\$ 25	\$ 500	\$ 2,591	\$ 72,333
<b>RECEIPTS</b>								
Property Taxes	-	-	752	-	-	-	-	752
Licenses and Permits	-	-	605	-	-	-	-	605
Intergovernmental	-	-	53,486	-	-	-	-	53,486
Charges for Services	56,360	9,693	55,873	810	-	-	-	122,736
Miscellaneous	48,204	-	2,831	-	11	1,747	350	53,143
State Fees	-	12,722	210	-	-	-	-	12,932
Other Liabilities	105	251,645	88,195	2,810	-	-	-	342,755
<b>TOTAL RECEIPTS</b>	<b>104,669</b>	<b>274,060</b>	<b>201,952</b>	<b>3,620</b>	<b>11</b>	<b>1,747</b>	<b>350</b>	<b>586,409</b>
<b>DISBURSEMENTS</b>								
Payments to County Treasurer	55,954	7,711	106,190	690	2	725	-	171,272
Payments to State Treasurer	46,849	13,083	97	-	-	-	-	60,029
Other Liabilities	105	256,442	108,184	2,534	-	1,522	-	368,787
<b>TOTAL DISBURSEMENTS</b>	<b>102,908</b>	<b>277,236</b>	<b>214,471</b>	<b>3,224</b>	<b>2</b>	<b>2,247</b>	<b>-</b>	<b>600,088</b>
BALANCES JUNE 30, 2014	<u>\$ 8,958</u>	<u>\$ 34,310</u>	<u>\$ 6,061</u>	<u>\$ 6,350</u>	<u>\$ 34</u>	<u>\$ -</u>	<u>\$ 2,941</u>	<u>\$ 58,654</u>
<b>BALANCES CONSIST OF:</b>								
Due to County Treasurer	\$ 4,767	\$ 2,460	\$ 4,948	\$ 1,233	\$ 9	\$ -	\$ 2,941	\$ 16,358
Petty Cash	-	-	1,000	-	25	-	-	1,025
Due to State Treasurer	4,191	393	113	-	-	-	-	4,697
Due to Others	-	31,457	-	5,117	-	-	-	36,574
BALANCES JUNE 30, 2014	<u>\$ 8,958</u>	<u>\$ 34,310</u>	<u>\$ 6,061</u>	<u>\$ 6,350</u>	<u>\$ 34</u>	<u>\$ -</u>	<u>\$ 2,941</u>	<u>\$ 58,654</u>

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

Item	2009	2010	2011	2012	2013
<b>Tax Certified by Assessor</b>					
Real Estate	\$ 9,544,945	\$ 10,608,513	\$ 10,728,618	\$ 11,238,060	\$ 12,537,515
Personal and Specials	658,775	672,319	798,152	841,446	924,454
<b>Total</b>	<b>10,203,720</b>	<b>11,280,832</b>	<b>11,526,770</b>	<b>12,079,506</b>	<b>13,461,969</b>
<b>Corrections</b>					
Additions	4,471	5,729	11,171	11,894	6,676
Deductions	(6,760)	(7,127)	(16,311)	(2,281)	(4,191)
Net Additions/ (Deductions)	(2,289)	(1,398)	(5,140)	9,613	2,485
<b>Corrected Certified Tax</b>	<b>10,201,431</b>	<b>11,279,434</b>	<b>11,521,630</b>	<b>12,089,119</b>	<b>13,464,454</b>
<b>Net Tax Collected by County Treasurer during Fiscal Year Ending:</b>					
June 30, 2010	6,072,502	-	-	-	-
June 30, 2011	4,110,634	6,849,897	-	-	-
June 30, 2012	10,333	4,409,140	6,997,693	-	-
June 30, 2013	2,587	9,869	4,512,457	7,407,077	-
June 30, 2014	728	9,486	5,195	4,669,977	8,437,438
<b>Total Net Collections</b>	<b>10,196,784</b>	<b>11,278,392</b>	<b>11,515,345</b>	<b>12,077,054</b>	<b>8,437,438</b>
<b>Total Uncollected Tax</b>	<b>\$ 4,647</b>	<b>\$ 1,042</b>	<b>\$ 6,285</b>	<b>\$ 12,065</b>	<b>\$ 5,027,016</b>
<b>Percentage Uncollected Tax</b>	<b>0.05%</b>	<b>0.01%</b>	<b>0.05%</b>	<b>0.10%</b>	<b>37.34%</b>



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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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, 2014, and the related notes to the financial statements, which collectively comprise Nemaha County's basic financial statements, and have issued our report thereon dated August 27, 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 August 27, 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.

August 27, 2014



Deann Haeffner, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Mike Foley  
State Auditor

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August 27, 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, 2014, and have issued our report thereon dated August 27, 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.

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.

## CLERK OF THE DISTRICT COURT

### Case Balances

During testing, we noted:

- Twenty of twenty-five case balances tested, totaling \$2,707, were not current or actively reviewed by the office.
- Three of ten non-monetary receipts tested were not applied to JUSTICE in a timely manner. In one instance, documentation supporting payment of judgment costs was received in May 2004, but the receipt was not applied in the system until September 2013.
- Five of five overdue balances, totaling \$316, did not have subsequent action taken by the District Court to ensure collection and/or resolution of the balances, such as issuance of warrants and/or suspensions or declaration of certain overdue balances as uncollectible. As of June 27, 2014, there were 474 overdue case balances, excluding restitution judgments, totaling \$100,026. Of the overdue case balances, 137 were for cases over 10 years old.

Good internal control requires the Clerk of the District Court to have procedures in place that provide ongoing, detailed review of all monthly financial reports, including the Monthly Case Balance Report and Overdue Case Balance Report. Without regular review of these reports, there is an increased risk that balances may not have proper follow-up action taken, or the balances may have been previously resolved and should no longer be reflected as owed or overdue in JUSTICE. In addition, when receipts are not recorded timely into the accounting system, there is an increased risk that balances due in JUSTICE may be incorrect.

We recommend the Clerk of the District Court implement ongoing, timely review of its financial reports to ensure timely collection and/or resolution of case balances. In addition, we recommend procedures be implemented to ensure that receipts are made in a timely manner.

### Unclaimed Property

As of June 30, 2014, we noted five checks, totaling \$695, that were not properly remitted to the State Treasurer as unclaimed property.

The Uniform Disposition of Unclaimed Property Act (Act) is set out at Neb. Rev. Stat. §§ 69-1301 to 69-1329 (Reissue 2009, Cum. Supp. 2012). Section 69-1307.01 of the Act states that intangible personal property held by public entities or political subdivisions that has remained unclaimed for more than three years is presumed abandoned. Section 69-1310 requires that such items be reported to the Nebraska State Treasurer before November 1st of each year as of June 30 next proceeding.

When all unclaimed property is not remitted to the State Treasurer in accordance with the Act, the Clerk of the District Court is not in compliance with State statute.

We recommend the Clerk of the District Court remit all unclaimed property to the State Treasurer in accordance with State statute.

## **COUNTY SHERIFF**

### **Sheriff Balancing Procedures**

We noted that, as of June 30, 2014, the office records did not include an accurate listing of accounts receivable or outstanding checks. The County Sheriff had a computer problem in 2010, which left old balances and outstanding checks included in the office records. Those balances and the list of outstanding checks are not current, resulting in records indicating office assets did not agree to office liabilities. The outstanding list of checks included 27 checks, totaling \$357, which were over three years old.

Sound accounting practice and good internal control requires 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 and the follow up of old balances.

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 review all balances and outstanding checks in the accounting records and implement procedures to insure records reflect current and correct balances. If checks are unclaimed, they should be remitted to the State Treasurer as unclaimed property.

## **COUNTY ATTORNEY**

### **Excess Balance**

As of June 30, 2014, the County Attorney had an unknown trust balance of \$4,787.

Sound accounting practice and good internal control requires 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 that 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, 2014, we noted 19 receipts, totaling \$650, that were not deposited into a secured depository for a period of 10 to 21 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.

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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