

**AUDIT REPORT
OF
GAGE COUNTY**

JULY 1, 2014 THROUGH JUNE 30, 2015

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the Auditor of Public Accounts.**

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Issued on November 10, 2015

GAGE COUNTY

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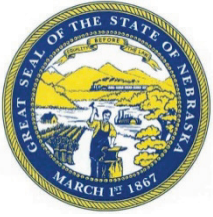
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GAGE COUNTY

LIST OF COUNTY OFFICIALS

At June 30, 2015

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|----------------------|--------------------------------|------------------------|
| Matt Bauman | Board of Supervisors | Jan. 2017 |
| Dennis Byars | | Jan. 2017 |
| Myron Dorn | | Jan. 2019 |
| John Hill | | Jan. 2017 |
| Terry Jurgens | | Jan. 2019 |
| Gary Lytle | | Jan. 2019 |
| Erich Tiemann | | Jan. 2019 |
| Patricia Milligan | Assessor | Jan. 2019 |
| Roger Harris | Attorney | Jan. 2019 |
| Dawn Hill | Clerk Election Commissioner | Jan. 2019 Appointed |
| Diane Wells | Clerk of the District Court | Jan. 2019 |
| Donna Munoz | Register of Deeds | Jan. 2019 |
| Millard Gustafson | Sheriff | Jan. 2019 |
| Christopher Witulski | Surveyor | Jan. 2019 |
| Laurie Wollenburg | Treasurer | Jan. 2019 |
| Phil Dittbrenner | Veterans' Service Officer | Appointed |
| Galen Engel | Highway Superintendent | Appointed |



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GAGE COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Gage 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 Gage County, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matters – Basis of Accounting

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that 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 20-31, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2015, on our consideration of Gage 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* in considering Gage County's internal control over financial reporting and compliance.

September 16, 2015



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

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

| | <u>Governmental Activities</u> |
|--------------------------------------|------------------------------------|
| ASSETS | |
| Cash and Cash Equivalents (Note 1.D) | \$ 11,742,782 |
| TOTAL ASSETS | <u><u>\$ 11,742,782</u></u> |
| | |
| NET POSITION | |
| Restricted for: | |
| Visitor Promotion | \$ 152,997 |
| 911 Emergency Services | 35,400 |
| Drug Education | 1,283 |
| Law Enforcement | 83,549 |
| Preservation of Records | 6,385 |
| Debt Service | 526,286 |
| Unrestricted | 10,936,882 |
| TOTAL NET POSITION | <u><u>\$ 11,742,782</u></u> |

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

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

| Functions: | Cash Disbursements | Program Cash Receipts | | Net (Disbursement) |
|--------------------------------------|------------------------|---|--|--|
| | | Fees, Fines, and Charges for Services | Operating Grants and Contributions | Receipts and Changes in Net Position |
| Governmental Activities: | | | | |
| General Government | \$ (4,207,441) | \$ 673,368 | \$ 186,200 | \$ (3,347,873) |
| Public Safety | (3,058,327) | 79,192 | 66,875 | (2,912,260) |
| Public Works | (9,182,569) | 5,663 | 2,299,190 | (6,877,716) |
| Health and Sanitation | (280) | - | - | (280) |
| Public Assistance | (257,433) | - | - | (257,433) |
| Culture and Recreation | (108,860) | - | - | (108,860) |
| Debt Payments | (807,508) | - | - | (807,508) |
| Total Governmental Activities | \$ (17,622,418) | \$ 758,223 | \$ 2,552,265 | (14,311,930) |

General Receipts:

| | |
|---|----------------------|
| Property Taxes | 9,769,775 |
| Grants and Contributions Not Restricted to Specific Programs | 1,009,611 |
| Investment Income | 130,949 |
| Licenses and Permits | 86,476 |
| Miscellaneous | 250,540 |
| Total General Receipts | 11,247,351 |
| Increase in Net Position | (3,064,579) |
| Net Position - Beginning of year | 14,807,361 |
| Net Position - End of year | \$ 11,742,782 |

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

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

| | <u>General Fund</u> | <u>Road Fund</u> | <u>Inheritance Fund</u> | <u>Road/Bridge Sinking Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---------------------------------------|---------------------|-------------------|-------------------------|-------------------------------------|---|---|
| ASSETS | | | | | | |
| Cash and Cash Equivalents (Note 1.D) | \$ 4,209,367 | \$ 165,393 | \$ 2,973,035 | \$ 2,272,097 | \$ 2,122,890 | \$ 11,742,782 |
| TOTAL ASSETS | <u>\$ 4,209,367</u> | <u>\$ 165,393</u> | <u>\$ 2,973,035</u> | <u>\$ 2,272,097</u> | <u>\$ 2,122,890</u> | <u>\$ 11,742,782</u> |
| FUND BALANCES | | | | | | |
| Restricted for: | | | | | | |
| Visitor Promotion | - | - | - | - | 152,997 | 152,997 |
| 911 Emergency Services | - | - | - | - | 35,400 | 35,400 |
| Drug Education | - | - | - | - | 1,283 | 1,283 |
| Law Enforcement | - | - | - | - | 83,549 | 83,549 |
| Preservation of Records | - | - | - | - | 6,385 | 6,385 |
| Debt Service | - | - | - | - | 526,286 | 526,286 |
| Committed to: | | | | | | |
| Road Maintenance | - | 165,393 | - | 2,272,097 | - | 2,437,490 |
| County Buildings | - | - | - | - | 275,000 | 275,000 |
| Insurance Costs | - | - | - | - | 831,515 | 831,515 |
| Economic Development | - | - | - | - | 210,475 | 210,475 |
| Assigned to: | | | | | | |
| Other Purposes | - | - | 2,973,035 | - | - | 2,973,035 |
| Unassigned | 4,209,367 | - | - | - | - | 4,209,367 |
| TOTAL CASH BASIS FUND BALANCES | <u>\$ 4,209,367</u> | <u>\$ 165,393</u> | <u>\$ 2,973,035</u> | <u>\$ 2,272,097</u> | <u>\$ 2,122,890</u> | <u>\$ 11,742,782</u> |

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

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

| | General Fund | Road Fund | Inheritance Fund | Road/Bridge Sinking Fund | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|--------------------|---------------------|-----------------------------|--------------------------------|--------------------------------|
| RECEIPTS | | | | | | |
| Property Taxes | \$ 8,309,038 | \$ - | \$ 601,644 | \$ - | \$ 859,093 | \$ 9,769,775 |
| Licenses and Permits | 86,476 | - | - | - | - | 86,476 |
| Interest | 118,565 | - | - | 12,384 | - | 130,949 |
| Intergovernmental | 887,070 | 2,271,446 | 50,000 | 285,949 | 67,411 | 3,561,876 |
| Charges for Services | 738,784 | 576 | - | 5,087 | 13,776 | 758,223 |
| Miscellaneous | 47,963 | 24,665 | - | - | 177,912 | 250,540 |
| TOTAL RECEIPTS | 10,187,896 | 2,296,687 | 651,644 | 303,420 | 1,118,192 | 14,557,839 |
| DISBURSEMENTS | | | | | | |
| General Government | 3,071,413 | - | 39,941 | - | 1,096,087 | 4,207,441 |
| Public Safety | 2,922,271 | - | - | - | 136,056 | 3,058,327 |
| Public Works | 100,611 | 3,992,814 | - | 5,089,144 | - | 9,182,569 |
| Health and Sanitation | 280 | - | - | - | - | 280 |
| Public Assistance | 257,433 | - | - | - | - | 257,433 |
| Culture and Recreation | 26,600 | - | - | - | 82,260 | 108,860 |
| Debt Service: | | | | | | |
| Principal Payments | - | - | - | - | 711,523 | 711,523 |
| Interest and Fiscal Charges | - | - | - | - | 95,985 | 95,985 |
| TOTAL DISBURSEMENTS | 6,378,608 | 3,992,814 | 39,941 | 5,089,144 | 2,121,911 | 17,622,418 |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS | 3,809,288 | (1,696,127) | 611,703 | (4,785,724) | (1,003,719) | (3,064,579) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 19,577 | 1,600,000 | - | - | 1,232,930 | 2,852,507 |
| Transfers out | (2,710,923) | (122,007) | - | - | (19,577) | (2,852,507) |
| TOTAL OTHER FINANCING SOURCES (USES) | (2,691,346) | 1,477,993 | - | - | 1,213,353 | - |
| Net Change in Fund Balances | 1,117,942 | (218,134) | 611,703 | (4,785,724) | 209,634 | (3,064,579) |
| CASH BASIS FUND BALANCES - BEGINNING | | | | | | |
| | 3,091,425 | 383,527 | 2,361,332 | 7,057,821 | 1,913,256 | 14,807,361 |
| CASH BASIS FUND BALANCES - ENDING | | | | | | |
| | <u>\$ 4,209,367</u> | <u>\$ 165,393</u> | <u>\$ 2,973,035</u> | <u>\$ 2,272,097</u> | <u>\$ 2,122,890</u> | <u>\$ 11,742,782</u> |

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

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

| | <u>Agency Funds</u> |
|-----------------------------|---------------------|
| ASSETS | |
| Cash and Cash Equivalents | \$ 1,657,319 |
| LIABILITIES | |
| Due to other governments | |
| State | 372,608 |
| Schools | 412,931 |
| Educational Service Units | 4,100 |
| Technical College | 15,275 |
| Natural Resource Districts | 7,615 |
| Fire Districts | 5,422 |
| Municipalities | 87,530 |
| Agricultural Society | 1,314 |
| Historical Society | 302 |
| Townships | 421,852 |
| Others | 328,370 |
| TOTAL LIABILITIES | 1,657,319 |
| TOTAL NET ASSETS | \$ - |

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

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

1. **Summary of Significant Accounting Policies**

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

A. Reporting Entity

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

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

Joint Organization.

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

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$97,949 toward the operation of the Region during fiscal year 2015. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Department of Health and Human Services requires the Region to be audited annually in accordance with State statute. Financial information for the Region is available in those audit reports.

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Health Department – The County has entered into an agreement with Public Health Solutions (Department) to provide public health services. The agreement was established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636 (Reissue 2009, Cum. Supp. 2014).

The Department’s governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$3,342 toward the operation of the Department during fiscal year 2015. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Reissue 2014). 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. 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 statement of activities demonstrates the degree to which the direct disbursement of a given function or segment is offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements. The fund financial statements provide information about the County’s funds, including its fiduciary funds. GAAP requires separate statements by fund category – governmental, proprietary, and fiduciary. The County uses only the governmental and fiduciary fund categories. The County Board is the highest level of decision-making authority and has the authority, by resolution, to establish, modify, or

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

1. Summary of Significant Accounting Policies (Continued)

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 Sinking Fund. This fund is used to account for the costs associated with the construction and maintenance of specific roads and bridges, and is primarily funded by State tax receipts.

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 Fund. The Highway Bond Fund and Road Bond Fund accounts for the resources for, and the payment of, general long-term debt principal, interest, and related costs.

The County designates fund balances as:

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

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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.

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.

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 \$805,900 of restricted net position, of which \$279,614 is restricted by enabling legislation.

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

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

2. **Deposits and Investments**

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

At year end, the County's carrying amount of deposits was \$11,742,782 for County funds and \$1,657,319 for Fiduciary funds. The bank balances for all funds totaled \$13,082,654. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2015, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

3. **Property Taxes**

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

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.

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Property Taxes** (Concluded)

The levy set in October 2014, for the 2014 taxes, which will be materially collected in May and September 2015, was set at \$.336924/\$100 of assessed valuation. The levy set in October 2013, for the 2013 taxes, which were materially collected in May and September 2014, was set at \$.369361/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

Additionally, there is currently a statutory lid limitation, which limits taxation to the prior year's level, with provisions for growth. The lid may be increased by 1% upon the approval of a three-fourths majority of the County Board.

4. **Retirement System**

The Retirement System for Nebraska Counties (the Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2012, Cum. Supp. 2014) and may be amended through legislative action.

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

County employees and elected officials contribute 4.5% of their total compensation. In addition, the County contributes an amount equal to 150% of the employee's contribution. The contribution rates are established by § 23-2307 and § 23-2308 and may be amended through legislative action. The employee's and employer's contributions are kept in separate accounts. The employee's account is fully vested. The employer's account is fully vested after three years of participation in the system or credit for participation in another governmental plan prior to actual contribution to the Plan. Non-vested County contributions are forfeited upon termination. Forfeitures are used to cover a portion of the pension plan's administrative expenses. Prior service benefits are paid directly by the County to the retired employee.

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.

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

4. Retirement System (Concluded)

For the year ended June 30, 2015, 132 employees contributed \$191,063, and the County contributed \$282,724. Contributions included \$7,741 in cash contributions towards the supplemental law enforcement plan for 24 law enforcement employees. Lastly, the County paid \$929 directly to seven retired employees for prior service benefits.

5. Risk Management

The County is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association (NIRMA), a public entity risk pool currently operating as a common risk management and insurance program for 80 counties throughout Nebraska.

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

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

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

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

5. Risk Management (Concluded)

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

6. Interfund Transfers

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

| <u>Transfers to</u> | <u>Transfers from</u> | | | <u>Total</u> |
|---------------------|-----------------------|-------------------|-----------------------|---------------------|
| | <u>General Fund</u> | <u>Road Fund</u> | <u>Nonmajor Funds</u> | |
| Road Fund | \$ 1,600,000 | \$ - | \$ - | \$ 1,600,000 |
| General Fund | - | - | 19,577 | 19,577 |
| Nonmajor Funds | 1,110,923 | 122,007 | - | 1,232,930 |
| Total | \$ 2,710,923 | \$ 122,007 | \$ 19,577 | \$ 2,852,507 |

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

In the year ended June 30, 2015, the County made a transfer of \$122,007 from the Road Fund to the Highway Bond Fund to utilize highway allocation receipts for the bond payment due.

7. Capital Leases Payable

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

| | |
|--|---------------------|
| | <u>Motor Grader</u> |
| Balance July 1, 2014 | \$ 15,305 |
| Payments | (15,305) |
| Balance June 30, 2015 | \$ - |
| Carrying Value of the Related Fixed Asset | <u>\$ 238,170</u> |

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

8. Ambulance Agreement

The County entered into an agreement with the City of Beatrice on October 17, 1994, whereby the City of Beatrice will provide necessary ambulance services to certain areas located outside the City limits of Beatrice. The County paid the City of Beatrice \$180,000 for ambulance services for the year ended June 30, 2015.

9. Contingent Liabilities

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, the County Attorney believes the resolution of these matters will not have a materially adverse effect on the financial condition of the County.

10. Long-Term Debt

Highway Allocation Bonds

The County issued highway allocation bonds on June 15, 2009, in the amount of \$630,000 for the purpose of paying the costs of road improvements. The bonds were paid off in full during fiscal year 2015.

Road Bonds 2013

The County issued highway allocation bonds on August 27, 2013, in the amount of \$5,640,000 for the purpose of improving and repaving certain highways, roads, and other related improvements within the County. The County plans to levy a tax to cover the required principal and interest payments. Principal and interest payments are due November 1 and May 1 each year through November 1, 2023. Interest rates range from 0.40% to 2.90%.

Future Payments:

| Year | Principal | Interest | Total |
|-----------------------|---------------------|-------------------|---------------------|
| 2016 | \$ 540,000 | \$ 93,190 | \$ 633,190 |
| 2017 | 540,000 | 88,870 | 628,870 |
| 2018 | 545,000 | 82,899 | 627,899 |
| 2019 | 555,000 | 75,191 | 630,191 |
| 2020 | 565,000 | 65,664 | 630,664 |
| 2021-2025 | 2,375,000 | 130,164 | 2,505,164 |
| Total Payments | \$ 5,120,000 | \$ 535,978 | \$ 5,655,978 |

GAGE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2015

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|------------------------------|--------------------|------------------|-------------------|---|
| RECEIPTS | | | | |
| Taxes | \$ 8,662,646 | \$ 8,662,646 | \$ 8,309,038 | \$ (353,608) |
| Licenses and Permits | 21,500 | 21,500 | 86,476 | 64,976 |
| Interest | 55,000 | 55,000 | 118,565 | 63,565 |
| Intergovernmental | 455,300 | 455,300 | 887,070 | 431,770 |
| Charges for Services | 447,300 | 447,300 | 738,784 | 291,484 |
| Miscellaneous | - | - | 47,963 | 47,963 |
| TOTAL RECEIPTS | 9,641,746 | 9,641,746 | 10,187,896 | 546,150 |
| DISBURSEMENTS | | | | |
| General Government: | | | | |
| County Board | 173,173 | 173,173 | 158,326 | 14,847 |
| County Clerk | 192,132 | 192,132 | 175,315 | 16,817 |
| County Treasurer | 272,650 | 272,650 | 270,447 | 2,203 |
| Register of Deeds | 136,235 | 136,235 | 132,811 | 3,424 |
| County Assessor | 218,462 | 218,462 | 217,901 | 561 |
| Election Commissioner | 102,680 | 102,680 | 83,614 | 19,066 |
| Planning and Zoning | 3,400 | 3,400 | 349 | 3,051 |
| Clerk of the District Court | 136,659 | 136,659 | 130,483 | 6,176 |
| County Court System | 26,000 | 26,000 | 25,967 | 33 |
| District Judge | 195,109 | 195,109 | 186,205 | 8,904 |
| Public Defender | 144,900 | 144,900 | 143,373 | 1,527 |
| Building and Grounds | 403,358 | 403,358 | 252,181 | 151,177 |
| Agricultural Extension Agent | 132,277 | 132,277 | 120,645 | 11,632 |
| Employment Security | 25,000 | 25,000 | 582 | 24,418 |
| Child Support Enforcement | 59,200 | 59,200 | 57,547 | 1,653 |
| Miscellaneous | 1,604,897 | 1,604,897 | 1,115,667 | 489,230 |
| Public Safety | | | | |
| County Sheriff | 1,041,996 | 1,061,996 | 1,059,298 | 2,698 |
| County Attorney | 402,798 | 402,798 | 361,296 | 41,502 |
| County Jail | 808,751 | 858,751 | 845,112 | 13,639 |
| Emergency Management | 185,927 | 185,927 | 99,663 | 86,264 |
| Reserve Deputies | 13,463 | 13,463 | 300 | 13,163 |
| Shop with a Cop | 4,057 | 4,057 | 1,182 | 2,875 |
| District Probation | 45,000 | 45,000 | 44,759 | 241 |
| Miscellaneous | 664,692 | 594,692 | 510,661 | 84,031 |
| Public Works | | | | |
| County Surveyor | 90,754 | 90,754 | 72,302 | 18,452 |
| Noxious Weed Control | 8,500 | 8,500 | 1,813 | 6,687 |
| Miscellaneous | 26,496 | 26,496 | 26,496 | - |

(Continued)

GAGE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2015

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| DISBURSEMENTS (Continued) | | | | |
| Public Health | | | | |
| Miscellaneous | 5,842 | 5,842 | 280 | 5,562 |
| Public Assistance | | | | |
| Veterans' Service Officer | 83,477 | 83,477 | 79,319 | 4,158 |
| Institutions | 41,500 | 41,500 | 24,089 | 17,411 |
| Relief Medical Assistance | 32,700 | 32,700 | 16,368 | 16,332 |
| Miscellaneous | 137,657 | 137,657 | 137,657 | - |
| Culture and Recreation | | | | |
| Miscellaneous | 26,600 | 26,600 | 26,600 | - |
| TOTAL DISBURSEMENTS | <u>7,446,342</u> | <u>7,446,342</u> | <u>6,378,608</u> | <u>1,067,734</u> |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS | <u>2,195,404</u> | <u>2,195,404</u> | <u>3,809,288</u> | <u>1,613,884</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 20,000 | 20,000 | 19,577 | (423) |
| Transfers out | (4,306,829) | (4,306,829) | (2,710,923) | 1,595,906 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(4,286,829)</u> | <u>(4,286,829)</u> | <u>(2,691,346)</u> | <u>1,595,483</u> |
| Net Change in Fund Balance | (2,091,425) | (2,091,425) | 1,117,942 | 3,209,367 |
| FUND BALANCE - BEGINNING | <u>3,091,425</u> | <u>3,091,425</u> | <u>3,091,425</u> | <u>-</u> |
| FUND BALANCE - ENDING | <u>\$ 1,000,000</u> | <u>\$ 1,000,000</u> | <u>\$ 4,209,367</u> | <u>\$ 3,209,367</u> |

(Concluded)

GAGE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2015

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|--------------------|--------------------|---------------------|---|
| ROAD FUND | | | | |
| RECEIPTS | | | | |
| Intergovernmental | \$ 2,174,249 | \$ 2,174,249 | \$ 2,271,446 | \$ 97,197 |
| Charges for Services | - | - | 576 | 576 |
| Miscellaneous | 14,000 | 14,000 | 24,665 | 10,665 |
| TOTAL RECEIPTS | 2,188,249 | 2,188,249 | 2,296,687 | 108,438 |
| DISBURSEMENTS | 4,727,925 | 4,727,925 | 3,992,814 | 735,111 |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS | (2,539,676) | (2,539,676) | (1,696,127) | 843,549 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 2,881,149 | 2,881,149 | 1,600,000 | (1,281,149) |
| Transfers out | (150,000) | (150,000) | (122,007) | 27,993 |
| TOTAL OTHER FINANCING SOURCES (USES) | 2,731,149 | 2,731,149 | 1,477,993 | (1,253,156) |
| Net Change in Fund Balance | 191,473 | 191,473 | (218,134) | (409,607) |
| FUND BALANCE - BEGINNING | 383,527 | 383,527 | 383,527 | - |
| FUND BALANCE - ENDING | \$ 575,000 | \$ 575,000 | \$ 165,393 | \$ (409,607) |
| INHERITANCE FUND | | | | |
| RECEIPTS | | | | |
| Taxes | \$ - | \$ - | \$ 601,644 | \$ 601,644 |
| Intergovernmental | - | - | 50,000 | 50,000 |
| TOTAL RECEIPTS | - | - | 651,644 | 651,644 |
| DISBURSEMENTS | 2,361,332 | 2,361,332 | 39,941 | 2,321,391 |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS | (2,361,332) | (2,361,332) | 611,703 | 2,973,035 |
| Net Change in Fund Balance | (2,361,332) | (2,361,332) | 611,703 | 2,973,035 |
| FUND BALANCE - BEGINNING | 2,361,332 | 2,361,332 | 2,361,332 | - |
| FUND BALANCE - ENDING | \$ - | \$ - | \$ 2,973,035 | \$ 2,973,035 |

(Continued)

GAGE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2015

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|--------------------|--------------------|---------------------|---|
| ROAD/BRIDGE SINKING FUND | | | | |
| RECEIPTS | | | | |
| Interest | \$ - | \$ - | \$ 12,384 | 12,384 |
| Intergovernmental | - | - | 285,949 | 285,949 |
| Charges for Services | - | - | 5,087 | 5,087 |
| TOTAL RECEIPTS | - | - | 303,420 | 303,420 |
| DISBURSEMENTS | 7,057,821 | 7,057,821 | 5,089,144 | 1,968,677 |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS | (7,057,821) | (7,057,821) | (4,785,724) | 2,272,097 |
| Net Change in Fund Balance | (7,057,821) | (7,057,821) | (4,785,724) | 2,272,097 |
| FUND BALANCE - BEGINNING | 7,057,821 | 7,057,821 | 7,057,821 | - |
| FUND BALANCE - ENDING | \$ - | \$ - | \$ 2,272,097 | \$ 2,272,097 |

(Concluded)

GAGE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2015

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|-----------------|-------------------|---|
| VISITORS PROMOTION FUND | | | | |
| Receipts | \$ 65,146 | \$ 65,146 | \$ 61,858 | \$ (3,288) |
| Disbursements | (70,000) | (70,000) | (60,745) | 9,255 |
| Net Change in Fund Balance | (4,854) | (4,854) | 1,113 | 5,967 |
| Fund Balance - Beginning | 4,854 | 4,854 | 4,854 | - |
| Fund Balance - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,967</u> | <u>\$ 5,967</u> |
| VISITORS IMPROVEMENT FUND | | | | |
| Receipts | \$ - | \$ - | \$ 61,858 | \$ 61,858 |
| Disbursements | (106,687) | (106,687) | (21,515) | 85,172 |
| Net Change in Fund Balance | (106,687) | (106,687) | 40,343 | 147,030 |
| Fund Balance - Beginning | 106,687 | 106,687 | 106,687 | - |
| Fund Balance - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 147,030</u> | <u>\$ 147,030</u> |
| REGISTER OF DEEDS PRESERVATION FUND | | | | |
| Receipts | \$ 11,869 | \$ 11,869 | \$ 13,776 | \$ 1,907 |
| Disbursements | (29,400) | (29,400) | (24,922) | 4,478 |
| Net Change in Fund Balance | (17,531) | (17,531) | (11,146) | 6,385 |
| Fund Balance - Beginning | 17,531 | 17,531 | 17,531 | - |
| Fund Balance - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6,385</u> | <u>\$ 6,385</u> |
| INSURANCE FUND | | | | |
| Receipts | \$ - | \$ - | \$ 177,912 | \$ 177,912 |
| Disbursements | (1,950,000) | (1,950,000) | (981,640) | 968,360 |
| Transfers in | 1,214,757 | 1,214,757 | 900,000 | (314,757) |
| Transfers out | - | - | - | - |
| Net Change in Fund Balance | (735,243) | (735,243) | 96,272 | 831,515 |
| Fund Balance - Beginning | 735,243 | 735,243 | 735,243 | - |
| Fund Balance - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 831,515</u> | <u>\$ 831,515</u> |
| DRUG LAW ENFORCEMENT EDUCATION FUND | | | | |
| Receipts | \$ - | \$ - | \$ - | \$ - |
| Disbursements | (1,283) | (1,283) | - | 1,283 |
| Net Change in Fund Balance | (1,283) | (1,283) | - | 1,283 |
| Fund Balance - Beginning | 1,283 | 1,283 | 1,283 | - |
| Fund Balance - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,283</u> | <u>\$ 1,283</u> |

GAGE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2015

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|----------------------------------|--------------------|-----------------|-------------------|---|
| HOMELAND SECURITY FUND | | | | |
| Receipts | \$ 1,451 | \$ 1,451 | \$ 9,910 | \$ 8,459 |
| Disbursements | (85,000) | (85,000) | (9,910) | 75,090 |
| Net Change in Fund Balance | (83,549) | (83,549) | - | 83,549 |
| Fund Balance - Beginning | 83,549 | 83,549 | 83,549 | - |
| Fund Balance - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 83,549</u> | <u>\$ 83,549</u> |
| ECONOMIC DEVELOPMENT FUND | | | | |
| Receipts | \$ - | \$ - | \$ - | \$ - |
| Disbursements | (300,000) | (300,000) | (89,525) | 210,475 |
| Transfers in | 60,923 | 60,923 | 60,923 | - |
| Transfers out | - | - | - | - |
| Net Change in Fund Balance | (239,077) | (239,077) | (28,602) | 210,475 |
| Fund Balance - Beginning | 239,077 | 239,077 | 239,077 | - |
| Fund Balance - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 210,475</u> | <u>\$ 210,475</u> |
| COURTHOUSE BOND FUND | | | | |
| Receipts | \$ 865 | \$ 865 | \$ 442 | \$ (423) |
| Disbursements | - | - | - | - |
| Transfers in | - | - | - | - |
| Transfers out | (20,000) | (20,000) | (19,577) | 423 |
| Net Change in Fund Balance | (19,135) | (19,135) | (19,135) | - |
| Fund Balance - Beginning | 19,135 | 19,135 | 19,135 | - |
| Fund Balance - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| HIGHWAY BOND FUND | | | | |
| Receipts | \$ - | \$ - | \$ - | \$ - |
| Disbursements | (219,516) | (219,516) | (191,523) | 27,993 |
| Transfers in | 150,000 | 150,000 | 122,007 | (27,993) |
| Transfers out | - | - | - | - |
| Net Change in Fund Balance | (69,516) | (69,516) | (69,516) | - |
| Fund Balance - Beginning | 69,516 | 69,516 | 69,516 | - |
| Fund Balance - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

(Continued)

GAGE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2015

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------|--------------------|-------------------|-------------------|---|
| COUNTY BUILDING FUND | | | | |
| Receipts | \$ - | \$ - | \$ - | \$ - |
| Disbursements | (275,000) | (275,000) | - | 275,000 |
| Transfers in | 50,000 | 50,000 | 50,000 | - |
| Transfers out | - | - | - | - |
| Net Change in Fund Balance | (225,000) | (225,000) | 50,000 | 275,000 |
| Fund Balance - Beginning | 225,000 | 225,000 | 225,000 | - |
| Fund Balance - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 275,000</u> | <u>\$ 275,000</u> |
| 911 COMMUNICATIONS FUND | | | | |
| Receipts | \$ 15,000 | \$ 15,000 | \$ 24,908 | \$ 9,908 |
| Disbursements | (151,638) | (151,638) | (126,146) | 25,492 |
| Transfers in | 100,000 | 100,000 | 100,000 | - |
| Transfers out | - | - | - | - |
| Net Change in Fund Balance | (36,638) | (36,638) | (1,238) | 35,400 |
| Fund Balance - Beginning | 36,638 | 36,638 | 36,638 | - |
| Fund Balance - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 35,400</u> | <u>\$ 35,400</u> |
| ROAD BOND FUND | | | | |
| Receipts | \$ 783,200 | \$ 783,200 | \$ 767,528 | \$ (15,672) |
| Disbursements | (707,943) | (707,943) | (615,985) | 91,958 |
| Net Change in Fund Balance | 75,257 | 75,257 | 151,543 | 76,286 |
| Fund Balance - Beginning | 374,743 | 374,743 | 374,743 | - |
| Fund Balance - Ending | <u>\$ 450,000</u> | <u>\$ 450,000</u> | <u>\$ 526,286</u> | <u>\$ 76,286</u> |

(Concluded)

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

| | Visitors Promotion Fund | Visitors Improvement Fund | Register of Deeds Preservation Fund | Insurance Fund |
|---|-------------------------------|---------------------------------|--|-------------------|
| RECEIPTS | | | | |
| Property Taxes | \$ 61,858 | \$ 61,858 | \$ - | \$ - |
| Intergovernmental | - | - | - | - |
| Charges for Services | - | - | 13,776 | - |
| Miscellaneous | - | - | - | 177,912 |
| TOTAL RECEIPTS | <u>61,858</u> | <u>61,858</u> | <u>13,776</u> | <u>177,912</u> |
| DISBURSEMENTS | | | | |
| General Government | - | - | 24,922 | 981,640 |
| Public Safety | - | - | - | - |
| Culture and Recreation | 60,745 | 21,515 | - | - |
| Debt Service: | | | | |
| Principal Payments | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - |
| TOTAL DISBURSEMENTS | <u>60,745</u> | <u>21,515</u> | <u>24,922</u> | <u>981,640</u> |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS | <u>1,113</u> | <u>40,343</u> | <u>(11,146)</u> | <u>(803,728)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | - | 900,000 |
| Transfers out | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>-</u> | <u>-</u> | <u>900,000</u> |
| Net Change in Fund Balances | 1,113 | 40,343 | (11,146) | 96,272 |
| FUND BALANCES - BEGINNING | <u>4,854</u> | <u>106,687</u> | <u>17,531</u> | <u>735,243</u> |
| FUND BALANCES - ENDING | <u>\$ 5,967</u> | <u>\$ 147,030</u> | <u>\$ 6,385</u> | <u>\$ 831,515</u> |
| FUND BALANCES: | | | | |
| Restricted for: | | | | |
| Visitor Promotion | \$ 5,967 | \$ 147,030 | \$ - | \$ - |
| 911 Emergency Services | - | - | - | - |
| Drug Education | - | - | - | - |
| Law Enforcement | - | - | - | - |
| Preservation of Records | - | - | 6,385 | - |
| Debt Service | - | - | - | - |
| Committed to: | | | | |
| County Buildings | - | - | - | - |
| Insurance Costs | - | - | - | 831,515 |
| Economic Development | - | - | - | - |
| TOTAL FUND BALANCES | <u>\$ 5,967</u> | <u>\$ 147,030</u> | <u>\$ 6,385</u> | <u>\$ 831,515</u> |

(Continued)

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

For the Year Ended June 30, 2015

| | Drug Law Enforcement Education Fund | Homeland Security Fund | Economic Development Fund | Courthouse Bond Fund | Highway Bond Fund |
|---|--|------------------------------|---------------------------------|-------------------------|----------------------|
| RECEIPTS | | | | | |
| Property Taxes | \$ - | \$ - | \$ - | \$ 442 | \$ - |
| Intergovernmental | - | 9,910 | - | - | - |
| Charges for Services | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - |
| TOTAL RECEIPTS | - | 9,910 | - | 442 | - |
| DISBURSEMENTS | | | | | |
| General Government | - | - | 89,525 | - | - |
| Public Safety | - | 9,910 | - | - | - |
| Culture and Recreation | - | - | - | - | - |
| Debt Service: | | | | | |
| Principal Payments | - | - | - | - | 191,523 |
| Interest and Fiscal Charges | - | - | - | - | - |
| TOTAL DISBURSEMENTS | - | 9,910 | 89,525 | - | 191,523 |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS | - | - | (89,525) | 442 | (191,523) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | - | 60,923 | - | 122,007 |
| Transfers out | - | - | - | (19,577) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | - | - | 60,923 | (19,577) | 122,007 |
| Net Change in Fund Balances | - | - | (28,602) | (19,135) | (69,516) |
| FUND BALANCES - BEGINNING | 1,283 | 83,549 | 239,077 | 19,135 | 69,516 |
| FUND BALANCES - ENDING | \$ 1,283 | \$ 83,549 | \$ 210,475 | \$ - | \$ - |
| FUND BALANCES: | | | | | |
| Restricted for: | | | | | |
| Visitor Promotion | \$ - | \$ - | \$ - | \$ - | \$ - |
| 911 Emergency Services | - | - | - | - | - |
| Drug Education | 1,283 | - | - | - | - |
| Law Enforcement | - | 83,549 | - | - | - |
| Preservation of Records | - | - | - | - | - |
| Debt Service | - | - | - | - | - |
| Committed to: | | | | | |
| County Buildings | - | - | - | - | - |
| Insurance Costs | - | - | - | - | - |
| Economic Development | - | - | 210,475 | - | - |
| TOTAL FUND BALANCES | \$ 1,283 | \$ 83,549 | \$ 210,475 | \$ - | \$ - |

(Continued)

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

| | County Building Fund | 911 Communications Fund | Road Bond Fund | Total Nonmajor Governmental Funds |
|---|----------------------------|-------------------------------|-------------------|---|
| RECEIPTS | | | | |
| Property Taxes | \$ - | \$ 24,908 | \$ 710,027 | \$ 859,093 |
| Intergovernmental | - | - | 57,501 | 67,411 |
| Charges for Services | - | - | - | 13,776 |
| Miscellaneous | - | - | - | 177,912 |
| TOTAL RECEIPTS | - | 24,908 | 767,528 | 1,118,192 |
| DISBURSEMENTS | | | | |
| General Government | - | - | - | 1,096,087 |
| Public Safety | - | 126,146 | - | 136,056 |
| Culture and Recreation | - | - | - | 82,260 |
| Debt Service: | | | | |
| Principal Payments | - | - | 520,000 | 711,523 |
| Interest and Fiscal Charges | - | - | 95,985 | 95,985 |
| TOTAL DISBURSEMENTS | - | 126,146 | 615,985 | 2,121,911 |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS | - | (101,238) | 151,543 | (1,003,719) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 50,000 | 100,000 | - | 1,232,930 |
| Transfers out | - | - | - | (19,577) |
| TOTAL OTHER FINANCING SOURCES (USES) | 50,000 | 100,000 | - | 1,213,353 |
| Net Change in Fund Balances | 50,000 | (1,238) | 151,543 | 209,634 |
| FUND BALANCES - BEGINNING | 225,000 | 36,638 | 374,743 | 1,913,256 |
| FUND BALANCES - ENDING | \$ 275,000 | \$ 35,400 | \$ 526,286 | \$ 2,122,890 |
| FUND BALANCES: | | | | |
| Restricted for: | | | | |
| Visitor Promotion | \$ - | \$ - | \$ - | \$ 152,997 |
| 911 Emergency Services | - | 35,400 | - | 35,400 |
| Drug Education | - | - | - | 1,283 |
| Law Enforcement | - | - | - | 83,549 |
| Preservation of Records | - | - | - | 6,385 |
| Debt Service | - | - | 526,286 | 526,286 |
| Committed to: | | | | |
| County Buildings | 275,000 | - | - | 275,000 |
| Insurance Costs | - | - | - | 831,515 |
| Economic Development | - | - | - | 210,475 |
| TOTAL FUND BALANCES | \$ 275,000 | \$ 35,400 | \$ 526,286 | \$ 2,122,890 |

(Concluded)

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

| | County Clerk | Register of Deeds | Clerk of the District Court | County Sheriff | County Attorney | Highway Superintendent | Veterans' Service Officer | County Planning & Zoning | County Assessor | Total |
|------------------------------|---------------|-------------------|-----------------------------|----------------|-----------------|------------------------|---------------------------|--------------------------|-----------------|------------------|
| BALANCES JULY 1, 2014 | \$ 32,952 | \$ 19,425 | \$ 1,130,100 | \$ 11,113 | \$ 31,144 | \$ 2,265 | \$ 6,033 | \$ - | \$ - | \$ 1,233,032 |
| RECEIPTS | | | | | | | | | | |
| Property Taxes | - | - | - | 1,945 | - | - | - | - | - | 1,945 |
| Licenses and Permits | 1,875 | - | - | 12,130 | - | - | - | 19,176 | - | 33,181 |
| Intergovernmental | - | - | - | 3,987 | - | - | - | - | - | 3,987 |
| Charges for Services | 3,559 | 141,559 | 31,116 | 68,919 | 9,723 | - | - | - | 216 | 255,092 |
| Miscellaneous | 44,630 | - | - | - | - | 21,789 | 2 | - | 25 | 66,446 |
| State Fees | 3,384 | 170,723 | 40,916 | - | - | - | - | - | - | 215,023 |
| Other Liabilities | - | - | 922,600 | 284,994 | 34,212 | - | - | - | - | 1,241,806 |
| TOTAL RECEIPTS | 53,448 | 312,282 | 994,632 | 371,975 | 43,935 | 21,789 | 2 | 19,176 | 241 | 1,817,480 |
| DISBURSEMENTS | | | | | | | | | | |
| Payments to County Treasurer | 5,174 | 137,674 | 31,783 | 67,987 | 1,481 | 24,040 | - | 18,511 | 216 | 286,866 |
| Payments to State Treasurer | 3,108 | 155,842 | 40,962 | - | - | - | - | - | - | 199,912 |
| Other Liabilities | 44,630 | - | 1,723,002 | 287,921 | 46,250 | - | 2,465 | - | - | 2,104,268 |
| TOTAL DISBURSEMENTS | 52,912 | 293,516 | 1,795,747 | 355,908 | 47,731 | 24,040 | 2,465 | 18,511 | 216 | 2,591,046 |
| BALANCES JUNE 30, 2015 | \$ 33,488 | \$ 38,191 | \$ 328,985 | \$ 27,180 | \$ 27,348 | \$ 14 | \$ 3,570 | \$ 665 | \$ 25 | \$ 459,466 |
| BALANCES CONSIST OF: | | | | | | | | | | |
| Due to County Treasurer | \$ 823 | \$ 14,819 | \$ 2,249 | \$ 23,356 | \$ 26,937 | \$ 14 | \$ 3,570 | \$ 665 | \$ - | \$ 72,433 |
| Petty Cash | 32,321 | - | - | 1,962 | - | - | - | - | 25 | 34,308 |
| Due to State Treasurer | 344 | 23,372 | 2,139 | - | - | - | - | - | - | 25,855 |
| Due to Others | - | - | 324,597 | 1,862 | 411 | - | - | - | - | 326,870 |
| BALANCES JUNE 30, 2015 | \$ 33,488 | \$ 38,191 | \$ 328,985 | \$ 27,180 | \$ 27,348 | \$ 14 | \$ 3,570 | \$ 665 | \$ 25 | \$ 459,466 |

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

| Item | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|-------------------|-------------------|-------------------|-------------------|----------------------|
| Tax Certified by Assessor | | | | | |
| Real Estate | \$ 33,131,569 | \$ 34,441,582 | \$ 34,986,619 | \$ 37,595,600 | \$ 39,516,003 |
| Personal and Specials | 1,673,742 | 1,669,252 | 1,888,872 | 1,934,864 | 2,046,751 |
| Total | 34,805,311 | 36,110,834 | 36,875,491 | 39,530,464 | 41,562,754 |
| Corrections | | | | | |
| Additions | 12,353 | 18,349 | 4,973 | 6,445 | 4,569 |
| Deductions | (126,317) | (9,753) | (23,044) | (45,958) | (880) |
| Net Additions/ (Deductions) | (113,964) | 8,596 | (18,071) | (39,513) | 3,689 |
| Corrected Certified Tax | 34,691,347 | 36,119,430 | 36,857,420 | 39,490,951 | 41,566,443 |
| Net Tax Collected by County Treasurer during Fiscal Year Ending: | | | | | |
| June 30, 2011 | 19,355,617 | - | - | - | - |
| June 30, 2012 | 15,299,238 | 21,046,726 | - | - | - |
| June 30, 2013 | 24,635 | 15,012,893 | 21,550,261 | - | - |
| June 30, 2014 | 4,747 | 44,750 | 15,281,028 | 23,607,909 | - |
| June 30, 2015 | 3,179 | 6,478 | 14,364 | 15,860,101 | 25,347,847 |
| Total Net Collections | 34,687,416 | 36,110,847 | 36,845,653 | 39,468,010 | 25,347,847 |
| Total Uncollected Tax | \$ 3,931 | \$ 8,583 | \$ 11,767 | \$ 22,941 | \$ 16,218,596 |
| Percentage Uncollected Tax | 0.01% | 0.02% | 0.03% | 0.06% | 39.02% |

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



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

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GAGE COUNTY

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

Board of Supervisors
Gage 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 Gage County, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Gage County's basic financial statements, and have issued our report thereon dated September 16, 2015. The report notes the financial statements were prepared on the basis of cash receipts and disbursements

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Gage 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 Gage 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. Inadequate segregation of duties could lead to the misappropriation of assets or improper reporting. Due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost.

Compliance and Other Matters

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

Additional Items

We also noted certain matters that we reported to the management of Gage County in a separate letter dated September 16, 2015.


Gage County's Response to Findings

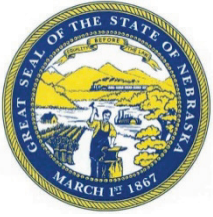
Gage County declined to respond to the finding described above.

Purpose of this Report

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

September 16, 2015


Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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September 16, 2015

Board of Supervisors
Gage County, Nebraska

Dear Supervisors:

We have audited the basic financial statements of Gage County (County) for the fiscal year ended June 30, 2015, and have issued our report thereon dated September 16, 2015. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

During our audit, we noted certain matters involving internal control over financial reporting and other operational matters that are presented here. These comments and recommendations are intended to improve the internal control over financial reporting or result in operational efficiencies in the 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.

Unclaimed Property

Neb. Rev. Stat. § 69-1307.01 (Reissue 2009), which is found in the Uniform Disposition of Unclaimed Property Act, presumes intangible personal property held by the County and unclaimed for more than three years to be abandoned. Neb. Rev. Stat. § 69-1310 (Reissue 2009), requires any unclaimed abandoned property, as of June 30 each year, to be reported and remitted to the State Treasurer by November 1 of each year.

During the audit, we noted the following items that were past due to the State Treasurer as unclaimed property:

- Three checks, totaling \$56, were maintained at the Clerk of the District Court
- One check, totaling \$34, was maintained with the County Board
- One check, totaling \$30, was maintained with the County Attorney
- 252 checks, totaling \$1,665, were maintained with the County Sheriff

When unclaimed property is not remitted timely, there is an increased risk of loss or misuse of funds.

We recommend the County work to report and remit promptly all unclaimed property in its possession in accordance with State statute.

County's Response: A check maintained by the County Board has been processed for submission to the State Treasurer.

COUNTY BOARD

Imprest Account Balancing Procedures

Sound accounting practices and good internal controls require that comprehensive, detailed reconciliation procedures be in place, at least on a monthly basis, to ensure proper balancing and reconciliation of the book and bank balances. Reconciliation procedures should include timely identification and resolution of all variances noted to ensure that bank accounts have an adequate balance to cover all possible withdrawals.

We noted the checking account balance for the County imprest account had not been adequately reconciled to the bank balance from November 2014 to July 2015. At June 30, 2015, we determined the bank had a shortage of \$496 due to errors made in the request for funds from the County Treasurer's Office. Furthermore, in September 2014, withdrawals exceeded the available funds in the checking account by \$149,730.

When balancing and reconciliation procedures are not accurately performed on a routine basis, there is an increased risk of error, or misuse of County funds.

We recommend all bank account balances be reconciled to the book balance on a monthly basis, with all variances identified and resolved in timely manner. Furthermore, we recommend procedures be implemented to ensure adequate funds are available in the account to cover all withdrawals.

County's Response: The adjustments were made and currently balancing.

Law Enforcement Retirement

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 to this plan, and the County contributes an amount equal to 100% of the employee's contribution. Neb. Rev. Stat. § 23-2332.01 (Reissue 2012), requires "personnel . . . who possess a valid law enforcement officer certificate or diploma, as established by the Nebraska Police Standards Advisory Council" to contribute an additional one percent to retirement.

During the fiscal year, we noted the following:

- Two certified law enforcement employees were not contributing an additional one percent resulting in an underpayment of \$145.
- One law enforcement employee was contributing the additional one percent; however, this individual was not certified. This oversight resulted in an overpayment of \$57.

We recommend the Board implement procedures to ensure all certified law enforcement are properly contributing to the supplemental retirement plan.

County's Response: Retirement contributions currently reflect the required contribution amounts.

COUNTY TREASURER

Redeemed Tax Sales

Sound accounting practices and good internal controls require all financial activity, including redeemed tax sales, to be recorded in the County Treasurer's accounting records.

During the fiscal year, we noted the County Treasurer reflected with the payment of redeemed tax sales as negative receipts instead of disbursements. When activity is not correctly reflected in the accounting records, it can give an inaccurate reflection of the total financial activity.

We recommend the County Treasurer record all payments, as disbursements in the accounting records.

County's Response: We have implemented the new procedure for redeemed tax sales.

COUNTY ATTORNEY

Receipting Procedures

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

During the fiscal year, we noted 62 transactions, totaling \$23,512, that did not have a corresponding physical receipt. Other records were obtained to verify the amount collected was correct for 54 of the above receipts; however, 8 receipts, totaling \$1,356, had no supporting documentation on file. Furthermore, we noted receipts were not remitted to the County Treasurer in a timely manner. When receipts are not written for all money received, there is an increased risk of the loss or misuse of funds.

We recommend the County Attorney’s Office implement procedures to ensure that receipts are written for all funds received, and money is remitted to the County Treasurer on at least a monthly basis.

COUNTY SHERIFF

Accounting Procedures

Neb. Rev. Stat. § 33-117 (Cum. Supp. 2014) states in part, the County Sheriff “shall pay all fees earned to the county treasurer who shall credit the fees to the general fund of the county.”

During our audit, we noted the County Sheriff remitted collections to the County Treasurer, not earnings as required by State statute. When earnings are not remitted, the County Sheriff is not in compliance with State statutes.

We recommend the County Sheriff remit earnings, rather than collections, to the County Treasurer in accordance with State statute.

CLERK OF THE DISTRICT COURT

Witness Fees

Neb. Rev. Stat. § 33-140.02 (Reissue 2008) states,

All unclaimed witness fees remaining in the hands of the clerk of the district or county court for the period of six months after the list has been filed with the county board shall be paid over to the county treasurer who shall receipt in duplicate for the fees, one of which receipts shall be filed with the county clerk. All such fees shall be credited to the common school fund of the county.

In addition, sound accounting practices require that old accounts be followed up on to determine if they should still be active or not.

During our audit, we noted the Clerk of the District County held \$215 in witness fees dating back to 2008 and 2007 that had remained unclaimed. When unclaimed money is not remitted in a timely manner, there is an increased risk of loss or misuse of funds.

We recommend the Clerk of the District Court remit unclaimed witness fees to the County Treasurer in accordance with State statute.

COUNTY PLANNING AND ZONING

Receipting Procedures

Good internal controls require a receipt to be written for all funds received within a timely manner. These receipts should include the amount and the date in which funds were received. Good internal controls and sound accounting practices dictate that all monies received should be deposited into a secured depository in a timely manner.

During the fiscal year, we noted 97 checks for fees collected, totaling \$15,330, were not remitted to the County Treasurer in a timely manner. Of these checks, 54, totaling \$8,171, were held in the office for over 100 days prior to remittance to the County Treasurer. Furthermore, we noted 70 of the transactions, totaling \$12,066, did not have a corresponding physical receipt written.

When receipts are not issued for all monies received and monies are not deposited in a timely manner, there is an increased risk of loss or misuse of County funds.

We recommend County Planning and Zoning implement procedures to ensure that receipts are promptly written for all monies received. Furthermore, we recommend procedures be implemented to ensure that all monies received are deposited with the County Treasurer within a timely manner.

COUNTY HIGHWAY DEPARTMENT

Timely Deposits

Good internal controls and sound accounting practices dictate that all monies received should be deposited into a secured depository in a timely manner.

During the fiscal year, we noted 33 receipts for fees collected, totaling \$16,362, were not remitted to the County Treasurer in a timely manner. Of these checks, 12, totaling \$6,833, were held in the office for over 30 days prior to remittance.

When monies are not remitted in a timely manner, there is an increased risk of loss or misuse of County funds.

We recommend the Highway Department implement procedures to ensure that all monies received are deposited with the County Treasurer in a timely manner.

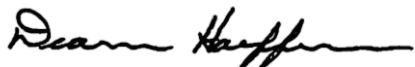
* * * * *

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