

**AUDIT REPORT  
OF  
NEMAHA COUNTY**

**JULY 1, 2015 THROUGH JUNE 30, 2016**

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the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original  
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**Issued on August 26, 2016**

NEMAHA COUNTY

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NEMAHA COUNTY

**LIST OF COUNTY OFFICIALS**

At June 30, 2016

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	Dennis Wittmann	Jan. 2017
	Bob Hutton	Jan. 2017
	Marvin Bohling	Jan. 2019
Assessor	Mallory Lempka	Jan. 2019
Attorney	Louie Ligouri	Jan. 2019
Clerk Election Commissioner Register of Deeds	Joyce Oakley	Jan. 2019
Clerk of the District Court	Amy Hector	Jan. 2019
Sheriff	Brent Lottman	Jan. 2019
Treasurer	Patricia Holtzman	Jan. 2019
Veterans' Service Officer	William Hessler	Appointed
Weed Superintendent	Joe Wittwer	Appointed
Emergency Manager Planning and Zoning	Renee Critser	Appointed
Surveyor	Tom Catlett	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, 2016, 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, 2016, 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, 2016, 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, 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 20-31, 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.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2016, 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.

August 24, 2016

  
Deann Haeffner, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska

NEMAHA COUNTY  
**STATEMENT OF NET POSITION - CASH BASIS**  
 June 30, 2016

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents (Note 1.D)	\$ 4,577,171
Investments (Note 1.D)	285
<b>TOTAL ASSETS</b>	<b>\$ 4,577,456</b>
<b>NET POSITION</b>	
Restricted for:	
Visitor Promotion	\$ 38,261
911 Emergency Services	237,674
Law Enforcement	22
Preservation of Records	2,244
Debt Service	403,257
Unrestricted	3,895,998
<b>TOTAL NET POSITION</b>	<b>\$ 4,577,456</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, 2016

<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	\$ (1,954,854)	\$ 329,439	\$ 27,846	\$ (1,597,569)
Public Safety	(1,627,679)	360,874	26,746	(1,240,059)
Public Works	(897,570)	-	1,200,068	302,498
Health and Sanitation	(2,112,081)	-	-	(2,112,081)
Public Assistance	(62,093)	-	-	(62,093)
Culture and Recreation	(20,322)	-	-	(20,322)
Debt Payments	(346,936)	-	-	(346,936)
<b>Total Governmental Activities</b>	<b><u><u>\$ (7,021,535)</u></u></b>	<b><u><u>\$ 690,313</u></u></b>	<b><u><u>\$ 1,254,660</u></u></b>	<b><u><u>(5,076,562)</u></u></b>

General Receipts:

Property Taxes	3,897,404
Grants and Contributions Not Restricted to Specific Programs	413,224
Investment Income	15,435
Licenses and Permits	20,692
Bond Reimbursement	345,428
Miscellaneous	55,232
<b>Total General Receipts</b>	<b><u><u>4,747,415</u></u></b>
Increase in Net Position	(329,147)
Net Position - Beginning of year	4,906,603
Net Position - End of year	<b><u><u>\$ 4,577,456</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, 2016

	<u>General Fund</u>	<u>Road Fund</u>	<u>Inheritance Fund</u>	<u>Road Bridge Improvement Fund</u>	<u>County Buildings Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>							
Cash and Cash Equivalents (Note 1.D)	\$ 501,566	\$ 334,579	\$ 681,318	\$ 1,390,000	\$ 753,783	\$ 915,925	\$ 4,577,171
Investments (Note 1.D)	285	-	-	-	-	-	285
<b>TOTAL ASSETS</b>	<u>\$ 501,851</u>	<u>\$ 334,579</u>	<u>\$ 681,318</u>	<u>\$ 1,390,000</u>	<u>\$ 753,783</u>	<u>\$ 915,925</u>	<u>\$ 4,577,456</u>
<b>FUND BALANCES</b>							
Restricted for:							
Visitor Promotion	-	-	-	-	-	38,261	38,261
911 Emergency Services	-	-	-	-	-	237,674	237,674
Law Enforcement	-	-	-	-	-	22	22
Preservation of Records	-	-	-	-	-	2,244	2,244
Debt Service	-	-	-	-	-	403,257	403,257
Committed to:							
Law Enforcement	-	-	-	-	-	5,345	5,345
Road Maintenance	-	334,579	-	1,390,000	-	207,817	1,932,396
County Buildings	-	-	-	-	753,783	-	753,783
Future Compensation Benefits	-	-	-	-	-	19,299	19,299
911 Emergency Services	-	-	-	-	-	2,006	2,006
Assigned to:							
Other Purposes	-	-	681,318	-	-	-	681,318
Unassigned	501,851	-	-	-	-	-	501,851
<b>TOTAL CASH BASIS FUND BALANCES</b>	<u>\$ 501,851</u>	<u>\$ 334,579</u>	<u>\$ 681,318</u>	<u>\$ 1,390,000</u>	<u>\$ 753,783</u>	<u>\$ 915,925</u>	<u>\$ 4,577,456</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, 2016

	General Fund	Road Fund	Inheritance Fund	Road Bridge Improvement Fund	County Buildings Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>							
Property Taxes	\$3,415,656	\$ -	\$ 379,478	\$ -	\$ -	\$ 102,270	\$ 3,897,404
Licenses and Permits	20,692	-	-	-	-	-	20,692
Investment Income	14,424	-	-	-	-	1,011	15,435
Intergovernmental	385,198	1,037,079	-	-	-	245,607	1,667,884
Charges for Services	685,344	-	-	-	-	4,969	690,313
Miscellaneous	12,390	42,742	-	-	-	345,528	400,660
<b>TOTAL RECEIPTS</b>	<u>4,533,704</u>	<u>1,079,821</u>	<u>379,478</u>	<u>-</u>	<u>-</u>	<u>699,385</u>	<u>6,692,388</u>
<b>DISBURSEMENTS</b>							
General Government	1,632,460	-	290,160	-	-	32,234	1,954,854
Public Safety	1,580,109	-	-	-	-	47,570	1,627,679
Public Works	2,173	-	-	-	-	895,397	897,570
Health and Sanitation	29,716	2,082,365	-	-	-	-	2,112,081
Public Assistance	62,093	-	-	-	-	-	62,093
Culture and Recreation	-	-	-	-	-	20,322	20,322
Debt Service:							
Interest and Fiscal Charges	-	-	-	-	-	1,508	1,508
Capital Outlay	-	-	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>3,306,551</u>	<u>2,082,365</u>	<u>290,160</u>	<u>-</u>	<u>-</u>	<u>1,342,459</u>	<u>7,021,535</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>1,227,153</u>	<u>(1,002,544)</u>	<u>89,318</u>	<u>-</u>	<u>-</u>	<u>(643,074)</u>	<u>(329,147)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	1,106,946	30,000	-	106,283	495,127	1,738,356
Transfers out	(1,289,229)	(125,000)	(288,220)	-	-	(35,907)	(1,738,356)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,289,229)</u>	<u>981,946</u>	<u>(258,220)</u>	<u>-</u>	<u>106,283</u>	<u>459,220</u>	<u>-</u>
Net Change in Fund Balances	(62,076)	(20,598)	(168,902)	-	106,283	(183,854)	(329,147)
<b>CASH BASIS FUND BALANCES - BEGINNING</b>	<u>563,927</u>	<u>355,177</u>	<u>850,220</u>	<u>1,390,000</u>	<u>647,500</u>	<u>1,099,779</u>	<u>4,906,603</u>
<b>CASH BASIS FUND BALANCES - ENDING</b>	<u>\$ 501,851</u>	<u>\$ 334,579</u>	<u>\$ 681,318</u>	<u>\$ 1,390,000</u>	<u>\$ 753,783</u>	<u>\$ 915,925</u>	<u>\$ 4,577,456</u>

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

NEMAHA COUNTY  
**STATEMENT OF FIDUCIARY ASSETS AND  
 LIABILITIES - CASH BASIS  
 FIDUCIARY FUNDS**  
 June 30, 2016

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 683,503
 <b>LIABILITIES</b>	
Due to other governments	
State	122,720
Schools	414,786
Educational Service Units	1,225
Technical College	6,165
Natural Resource Districts	2,597
Fire Districts	2,802
Municipalities	43,500
Agricultural Society	356
Drainage Districts	48,113
Others	41,239
<b>TOTAL LIABILITIES</b>	<b>683,503</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, 2016

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 2016. 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. 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 did not contribute toward the operation of the Department during fiscal year 2016. 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) (Supp. 2015). 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 the following: 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 Buildings 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 Fund.** The Hospital Bond Account 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 follows:

**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 \$681,458 of restricted net position, which is all 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 \$4,577,127 for County funds and \$683,503 for Fiduciary funds. The bank balances for all funds totaled \$5,377,777. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2016, 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 \$285 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

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

participant's account. Net income that has accrued to each participant is converted as of the close of business of each calendar month into additional units, which thereafter are held in each participant's trust account. Since net income of the fund is allocated among participants each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name.

3. **Property Taxes**

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

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

The levy set in October 2015, for the 2015 taxes, which will be materially collected in May and September 2016, was set at \$.303873/\$100 of assessed valuation. The levy set in October 2014, for the 2014 taxes, which were materially collected in May and September 2015, was set at \$.342318/\$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, Supp. 2015) 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. 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.

For the year ended June 30, 2016, 75 employees contributed \$102,713, and the County contributed \$151,130. Contributions included \$5,905 in cash contributions towards the supplemental law enforcement plan for 13 law enforcement employees. Lastly, the County paid \$305 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 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.

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
Workers' Compensation Claim	\$ 550,000	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 2017. 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, 2016, consisted of the following:

<b>Transfers to</b>	Transfers from				Total
	General Fund	Road Fund	Inheritance Fund	Nonmajor Funds	
Road Fund	\$ 1,106,946	\$ -	\$ -	\$ -	\$ 1,106,946
Inheritance Fund	30,000	-	-	-	30,000
County Buildings Fund	106,283	-	-	-	106,283
Nonmajor Funds	46,000	125,000	288,220	35,907	495,127
<b>Total</b>	<b>\$ 1,289,229</b>	<b>\$ 125,000</b>	<b>\$ 288,220</b>	<b>\$ 35,907</b>	<b>\$ 1,738,356</b>

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.

In the year ended June 30, 2016, the County made a transfer of \$413,220 from the Road and Inheritance Funds to the Road Equipment Fund to help fund the purchase of multiple Mack Trucks.

NEMAHA COUNTY

**NOTES TO FINANCIAL STATEMENTS**  
(Concluded)

**7. Long-Term Debt**

The County issued bonds in November 2013 in the amount of \$1,990,000 for the purpose of providing payment and redemption of Series 2004 Hospital Bonds. The bond payable balance, as of April 30, 2016, was \$1,335,000. Future proceeds from the hospital are anticipated to be used to pay off the bonds, although 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, 2016, 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>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 325,000	\$ 14,448	\$ 339,448
2018	330,000	10,842	340,842
2019	340,000	6,059	346,059
2020	340,000	2,535	342,535
<b>Total Payments</b>	<b>\$ 1,335,000</b>	<b>\$ 33,884</b>	<b>\$ 1,368,884</b>

**NEMAHA COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 3,639,193	\$ 3,639,193	\$ 3,415,656	\$ (223,537)
Licenses and Permits	19,900	19,900	20,692	792
Interest	8,040	8,040	14,424	6,384
Intergovernmental	395,085	395,085	385,198	(9,887)
Charges for Services	664,210	664,210	685,344	21,134
Miscellaneous	36,400	36,400	12,390	(24,010)
<b>TOTAL RECEIPTS</b>	<u>4,762,828</u>	<u>4,762,828</u>	<u>4,533,704</u>	<u>(229,124)</u>
<b>DISBURSEMENTS</b>				
General Government:				
County Board	76,333	76,333	74,427	1,906
County Clerk	120,616	120,616	119,457	1,159
County Treasurer	125,382	125,382	125,178	204
County Assessor	169,282	169,282	160,676	8,606
Election Commissioner	20,000	20,000	16,114	3,886
Clerk of the District Court	71,023	71,023	64,484	6,539
County Court System	2,700	2,700	2,590	110
District Judge	55,505	55,505	53,139	2,366
Building and Grounds	224,722	224,722	195,925	28,797
Agricultural Extension Agent	66,984	66,984	65,116	1,868
Miscellaneous	969,949	967,192	755,354	211,838
Public Safety				
County Sheriff	914,265	914,265	826,232	88,033
County Attorney	148,343	151,100	151,100	-
Child Support	27,250	27,250	25,971	1,279
County Jail	556,790	556,790	420,373	136,417
Emergency Management	131,636	131,636	100,504	31,132
Miscellaneous	56,800	56,800	55,929	871
Public Works				
County Surveyor	800	800	723	77
Miscellaneous	1,450	1,450	1,450	-
Public Health				
Miscellaneous	29,844	29,844	29,716	128
Public Assistance				
Relief	16,500	16,500	4,208	12,292
Veterans' Service Officer	36,750	36,750	29,945	6,805
Institutions	5,000	5,000	3,231	1,769
Miscellaneous	51,636	51,636	24,709	26,927
<b>TOTAL DISBURSEMENTS</b>	<u>3,879,560</u>	<u>3,879,560</u>	<u>3,306,551</u>	<u>573,009</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>				
	<u>883,268</u>	<u>883,268</u>	<u>1,227,153</u>	<u>343,885</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(1,247,195)	(1,247,195)	(1,289,229)	(42,034)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,247,195)</u>	<u>(1,247,195)</u>	<u>(1,289,229)</u>	<u>(42,034)</u>
Net Change in Fund Balance	(363,927)	(363,927)	(62,076)	301,851
<b>FUND BALANCE - BEGINNING</b>	<u>563,927</u>	<u>563,927</u>	<u>563,927</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 501,851</u>	<u>\$ 301,851</u>

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

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD FUND</b>				
<b>RECEIPTS</b>				
Intergovernmental	\$ 960,084	\$ 960,084	\$ 1,037,079	\$ 76,995
Miscellaneous	-	-	42,742	42,742
<b>TOTAL RECEIPTS</b>	<b>960,084</b>	<b>960,084</b>	<b>1,079,821</b>	<b>119,737</b>
<b>DISBURSEMENTS</b>	<b>2,561,456</b>	<b>2,561,456</b>	<b>2,082,365</b>	<b>479,091</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(1,601,372)</b>	<b>(1,601,372)</b>	<b>(1,002,544)</b>	<b>598,828</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,246,195	1,246,195	1,106,946	(139,249)
Transfers out	-	-	(125,000)	(125,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,246,195</b>	<b>1,246,195</b>	<b>981,946</b>	<b>(264,249)</b>
Net Change in Fund Balance	(355,177)	(355,177)	(20,598)	334,579
FUND BALANCE - BEGINNING	355,177	355,177	355,177	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 334,579</u>	<u>\$ 334,579</u>
<b>INHERITANCE FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ -	\$ -	\$ 379,478	\$ 379,478
<b>TOTAL RECEIPTS</b>	<b>-</b>	<b>-</b>	<b>379,478</b>	<b>379,478</b>
<b>DISBURSEMENTS</b>	<b>562,000</b>	<b>562,000</b>	<b>290,160</b>	<b>271,840</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(562,000)</b>	<b>(562,000)</b>	<b>89,318</b>	<b>651,318</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	30,000	30,000
Transfers out	(288,220)	(288,220)	(288,220)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(288,220)</b>	<b>(288,220)</b>	<b>(258,220)</b>	<b>30,000</b>
Net Change in Fund Balance	(850,220)	(850,220)	(168,902)	681,318
FUND BALANCE - BEGINNING	850,220	850,220	850,220	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 681,318</u>	<u>\$ 681,318</u>

(Continued)

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

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD BRIDGE IMPROVEMENT FUND</b>				
<b>RECEIPTS</b>				
TOTAL RECEIPTS	\$ -	\$ -	\$ -	\$ -
<b>DISBURSEMENTS</b>				
	1,390,000	1,390,000	-	1,390,000
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>				
	(1,390,000)	(1,390,000)	-	1,390,000
Net Change in Fund Balance	(1,390,000)	(1,390,000)	-	1,390,000
FUND BALANCE - BEGINNING	1,390,000	1,390,000	1,390,000	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,390,000</u>	<u>\$ 1,390,000</u>
<b>COUNTY BUILDINGS FUND</b>				
<b>RECEIPTS</b>				
TOTAL RECEIPTS	\$ -	\$ -	\$ -	\$ -
<b>DISBURSEMENTS</b>				
	647,500	647,500	-	647,500
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>				
	(647,500)	(647,500)	-	647,500
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	106,283	106,283
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	106,283	106,283
Net Change in Fund Balance	(647,500)	(647,500)	106,283	753,783
FUND BALANCE - BEGINNING	647,500	647,500	647,500	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 753,783</u>	<u>\$ 753,783</u>

(Concluded)

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

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD EQUIPMENT FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(288,220)	(288,220)	(240,403)	47,817
Transfers in	288,220	288,220	448,220	160,000
Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	207,817	207,817
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 207,817</u>	<u>\$ 207,817</u>
<b>HIGHWAY BRIDGE BUYBACK PROGRAM FUND</b>				
Receipts	\$ 286,419	\$ 286,419	\$ 241,413	\$ (45,006)
Disbursements	(700,000)	(700,000)	(654,994)	45,006
Net Change in Fund Balance	(413,581)	(413,581)	(413,581)	-
Fund Balance - Beginning	413,581	413,581	413,581	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>COUNTY VISITORS PROMOTION FUND</b>				
Receipts	\$ 10,000	\$ 10,000	\$ 12,154	\$ 2,154
Disbursements	(21,114)	(21,114)	(9,736)	11,378
Net Change in Fund Balance	(11,114)	(11,114)	2,418	13,532
Fund Balance - Beginning	11,114	11,114	11,114	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,532</u>	<u>\$ 13,532</u>
<b>COUNTY VISITORS IMPROVEMENT FUND</b>				
Receipts	\$ 10,000	\$ 10,000	\$ 12,155	\$ 2,155
Disbursements	(33,160)	(33,160)	(10,586)	22,574
Net Change in Fund Balance	(23,160)	(23,160)	1,569	24,729
Fund Balance - Beginning	23,160	23,160	23,160	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,729</u>	<u>\$ 24,729</u>
<b>PRESERVATION AND MODERNIZATION FUND</b>				
Receipts	\$ 5,000	\$ 5,000	\$ 4,869	\$ (131)
Disbursements	(7,997)	(7,997)	(5,622)	2,375
Net Change in Fund Balance	(2,997)	(2,997)	(753)	2,244
Fund Balance - Beginning	2,997	2,997	2,997	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,244</u>	<u>\$ 2,244</u>

(Continued)

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

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>VACATION/ SICK LEAVE CLAIM RESERVE FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(45,911)	(45,911)	(26,612)	19,299
Transfers in	10,000	10,000	10,000	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(35,911)	(35,911)	(16,612)	19,299
Fund Balance - Beginning	35,911	35,911	35,911	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,299</u>	<u>\$ 19,299</u>
<b>DIVERSION PROGRAM STOP FUND</b>				
Receipts	\$ 2,800	\$ 2,800	\$ 3,900	\$ 1,100
Disbursements	(12,966)	(12,966)	(9,938)	3,028
Net Change in Fund Balance	(10,166)	(10,166)	(6,038)	4,128
Fund Balance - Beginning	10,166	10,166	10,166	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,128</u>	<u>\$ 4,128</u>
<b>DRUG COALITION FUND</b>				
Receipts	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
Disbursements	(4,720)	(4,720)	(1,614)	3,106
Transfers in	1,000	1,000	1,000	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(1,720)	(1,720)	(614)	1,106
Fund Balance - Beginning	1,720	1,720	1,720	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,106</u>	<u>\$ 1,106</u>
<b>FEDERAL DRUG LAW ENFORCEMENT FORFEITURE FUND</b>				
Receipts	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Disbursements	(10,000)	(10,000)	-	10,000
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

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

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>CANINE (K-9) DOG FUND</b>				
Receipts	\$ 8,000	\$ 8,000	\$ 100	\$ (7,900)
Disbursements	(8,011)	(8,011)	-	8,011
Net Change in Fund Balance	(11)	(11)	100	111
Fund Balance - Beginning	11	11	11	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111</u>	<u>\$ 111</u>
<b>FEDERAL CRIME GRANT FUND</b>				
Receipts	\$ 2,500	\$ 2,500	\$ -	\$ (2,500)
Disbursements	(2,522)	(2,522)	-	2,522
Net Change in Fund Balance	(22)	(22)	-	22
Fund Balance - Beginning	22	22	22	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22</u>	<u>\$ 22</u>
<b>911 WIRELESS SERVICE FUND</b>				
Receipts	\$ 45,814	\$ 45,814	\$ 45,814	\$ -
Disbursements	(25,942)	(25,942)	(12,173)	13,769
Transfers in	-	-	-	-
Transfers out	(19,872)	(19,872)	(33,641)	(13,769)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>911 WIRELESS SERVICE HOLDING FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(148,660)	(148,660)	-	148,660
Transfers in	19,872	19,872	32,504	12,632
Transfers out	-	-	(2,266)	(2,266)
Net Change in Fund Balance	(128,788)	(128,788)	30,238	159,026
Fund Balance - Beginning	128,788	128,788	128,788	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,026</u>	<u>\$ 159,026</u>

(Continued)

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

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>HOSPITAL BOND ACCOUNT FUND</b>				
Receipts	\$ 346,182	\$ 346,182	\$ 346,439	\$ 257
Disbursements	(749,936)	(749,936)	(346,936)	403,000
Net Change in Fund Balance	(403,754)	(403,754)	(497)	403,257
Fund Balance - Beginning	403,754	403,754	403,754	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 403,257</u>	<u>\$ 403,257</u>
<b>911 EMERGENCY COMMUNICATION STUDY AGREEMENT FUND</b>				
Receipts	\$ 566,000	\$ 566,000	\$ 394	\$ (565,606)
Disbursements	(569,000)	(569,000)	(1,388)	567,612
Net Change in Fund Balance	(3,000)	(3,000)	(994)	2,006
Fund Balance - Beginning	3,000	3,000	3,000	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,006</u>	<u>\$ 2,006</u>
<b>911 EMERGENCY SERVICE FUND</b>				
Receipts	\$ 280,000	\$ 280,000	\$ 32,147	\$ (247,853)
Disbursements	(348,555)	(348,555)	(22,457)	326,098
Transfers in	3,000	3,000	3,403	403
Transfers out	-	-	-	-
Net Change in Fund Balance	(65,555)	(65,555)	13,093	78,648
Fund Balance - Beginning	65,555	65,555	65,555	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,648</u>	<u>\$ 78,648</u>

(Concluded)

**NEMAHA COUNTY**  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,**  
**AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2016

	Road Equipment Fund	Highway Bridge Buyback Program Fund	County Visitors Promotion Fund	County Visitors Improvement Fund	Preservation and Modernization Fund
<b>RECEIPTS</b>					
Property Taxes	\$ -	\$ -	\$ 12,154	\$ 12,155	\$ -
Investment Income	-	-	-	-	-
Intergovernmental	-	241,413	-	-	-
Charges for Services	-	-	-	-	4,869
Miscellaneous	-	-	-	-	-
<b>TOTAL RECEIPTS</b>	<u>-</u>	<u>241,413</u>	<u>12,154</u>	<u>12,155</u>	<u>4,869</u>
<b>DISBURSEMENTS</b>					
General Government	-	-	-	-	5,622
Public Safety	-	-	-	-	-
Public Works	240,403	654,994	-	-	-
Culture and Recreation	-	-	9,736	10,586	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>240,403</u>	<u>654,994</u>	<u>9,736</u>	<u>10,586</u>	<u>5,622</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(240,403)</u>	<u>(413,581)</u>	<u>2,418</u>	<u>1,569</u>	<u>(753)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	448,220	-	-	-	-
Transfers out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>448,220</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	207,817	(413,581)	2,418	1,569	(753)
<b>FUND BALANCES - BEGINNING</b>	<u>-</u>	<u>413,581</u>	<u>11,114</u>	<u>23,160</u>	<u>2,997</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 207,817</u>	<u>\$ -</u>	<u>\$ 13,532</u>	<u>\$ 24,729</u>	<u>\$ 2,244</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	-	-	13,532	24,729	-
911 Emergency Services	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	-	-	2,244
Debt Service	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Road Maintenance	207,817	-	-	-	-
Future Compensation Benefits	-	-	-	-	-
911 Emergency Services	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 207,817</u>	<u>\$ -</u>	<u>\$ 13,532</u>	<u>\$ 24,729</u>	<u>\$ 2,244</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, 2016

	Vacation/ Sick Leave Claim Reserve Fund	Diversion Program STOP Fund	Drug Coalition Fund	Federal Drug Law Enforcement Forfeiture Fund	Canine (K-9) Dog Fund	Federal Crime Grant Fund
<b>RECEIPTS</b>						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Income	-	-	-	-	-	-
Intergovernmental	-	3,800	-	-	-	-
Charges for Services	-	-	-	-	100	-
Miscellaneous	-	100	-	-	-	-
<b>TOTAL RECEIPTS</b>	<b>-</b>	<b>3,900</b>	<b>-</b>	<b>-</b>	<b>100</b>	<b>-</b>
<b>DISBURSEMENTS</b>						
General Government	26,612	-	-	-	-	-
Public Safety	-	9,938	1,614	-	-	-
Public Works	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
Debt Service:						
Principal Payments	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<b>26,612</b>	<b>9,938</b>	<b>1,614</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(26,612)</b>	<b>(6,038)</b>	<b>(1,614)</b>	<b>-</b>	<b>100</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	10,000	-	1,000	-	-	-
Transfers out	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>10,000</b>	<b>-</b>	<b>1,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	(16,612)	(6,038)	(614)	-	100	-
<b>FUND BALANCES - BEGINNING</b>	<b>35,911</b>	<b>10,166</b>	<b>1,720</b>	<b>-</b>	<b>11</b>	<b>22</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 19,299</b>	<b>\$ 4,128</b>	<b>\$ 1,106</b>	<b>\$ -</b>	<b>\$ 111</b>	<b>\$ 22</b>
<b>FUND BALANCES:</b>						
Restricted for:						
Visitor Promotion	-	-	-	-	-	-
911 Emergency Services	-	-	-	-	-	-
Law Enforcement	-	-	-	-	-	22
Preservation of Records	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Committed to:						
Law Enforcement	-	4,128	1,106	-	111	-
Road Maintenance	-	-	-	-	-	-
Future Compensation Benefits	19,299	-	-	-	-	-
911 Emergency Services	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>\$ 19,299</b>	<b>\$ 4,128</b>	<b>\$ 1,106</b>	<b>\$ -</b>	<b>\$ 111</b>	<b>\$ 22</b>

(Continued)

**NEMAHA COUNTY**  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,**  
**AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2016

	911 Wireless Service Fund	911 Wireless Service Holding Fund	Hospital Bond Account Fund	911 Emergency Communication Study Agreement Fund	911 Emergency Service Fund	Total Nonmajor Governmental Funds
<b>RECEIPTS</b>						
Property Taxes	\$ 45,814	\$ -	\$ -	\$ -	\$ 32,147	\$ 102,270
Investment Income	-	-	1,011	-	-	1,011
Intergovernmental	-	-	-	394	-	245,607
Charges for Services	-	-	-	-	-	4,969
Miscellaneous	-	-	345,428	-	-	345,528
<b>TOTAL RECEIPTS</b>	<u>45,814</u>	<u>-</u>	<u>346,439</u>	<u>394</u>	<u>32,147</u>	<u>699,385</u>
<b>DISBURSEMENTS</b>						
General Government	-	-	-	-	-	32,234
Public Safety	12,173	-	-	1,388	22,457	47,570
Public Works	-	-	-	-	-	895,397
Culture and Recreation	-	-	-	-	-	20,322
Debt Service:						-
Principal Payments	-	-	345,428	-	-	345,428
Interest and Fiscal Charges	-	-	1,508	-	-	1,508
<b>TOTAL DISBURSEMENTS</b>	<u>12,173</u>	<u>-</u>	<u>346,936</u>	<u>1,388</u>	<u>22,457</u>	<u>1,342,459</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>33,641</u>	<u>-</u>	<u>(497)</u>	<u>(994)</u>	<u>9,690</u>	<u>(643,074)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	32,504	-	-	3,403	495,127
Transfers out	(33,641)	(2,266)	-	-	-	(35,907)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(33,641)</u>	<u>30,238</u>	<u>-</u>	<u>-</u>	<u>3,403</u>	<u>459,220</u>
Net Change in Fund Balances	-	30,238	(497)	(994)	13,093	(183,854)
<b>FUND BALANCES - BEGINNING</b>	<u>-</u>	<u>128,788</u>	<u>403,754</u>	<u>3,000</u>	<u>65,555</u>	<u>1,099,779</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ -</u>	<u>\$ 159,026</u>	<u>\$ 403,257</u>	<u>\$ 2,006</u>	<u>\$ 78,648</u>	<u>\$ 915,925</u>
<b>FUND BALANCES:</b>						
Restricted for:						
Visitor Promotion	-	-	-	-	-	38,261
911 Emergency Services	-	159,026	-	-	78,648	237,674
Law Enforcement	-	-	-	-	-	22
Preservation of Records	-	-	-	-	-	2,244
Debt Service	-	-	403,257	-	-	403,257
Committed to:						
Law Enforcement	-	-	-	-	-	5,345
Road Maintenance	-	-	-	-	-	207,817
Future Compensation Benefits	-	-	-	-	-	19,299
911 Emergency Services	-	-	-	2,006	-	2,006
<b>TOTAL FUND BALANCES</b>	<u>\$ -</u>	<u>\$ 159,026</u>	<u>\$ 403,257</u>	<u>\$ 2,006</u>	<u>\$ 78,648</u>	<u>\$ 915,925</u>

(Concluded)

**NEMAHA COUNTY**  
**SCHEDULE OF OFFICE ACTIVITIES**  
For the Year Ended June 30, 2016

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Extension Office	Veterans' Service Officer	Total
BALANCES JULY 1, 2015	\$ 6,076	\$ 30,395	\$ 3,703	\$ 6,110	\$ 25	\$ 3,191	\$ 49,500
<b>RECEIPTS</b>							
Property Taxes	-	-	96	-	-	-	96
Licenses and Permits	-	-	900	-	-	-	900
Intergovernmental	-	-	49,226	-	-	-	49,226
Charges for Services	52,182	16,328	51,804	300	-	-	120,614
Miscellaneous	-	-	2,125	-	4	-	2,129
State Fees	60,290	12,335	305	-	-	-	72,930
Other Liabilities	280	154,513	86,622	9,330	-	-	250,745
<b>TOTAL RECEIPTS</b>	<b>112,752</b>	<b>183,176</b>	<b>191,078</b>	<b>9,630</b>	<b>4</b>	<b>-</b>	<b>496,640</b>
<b>DISBURSEMENTS</b>							
Payments to County Treasurer	51,732	15,056	98,512	330	4	-	165,634
Payments to State Treasurer	59,024	11,938	505	-	-	-	71,467
Other Liabilities	280	175,017	88,020	9,546	-	-	272,863
<b>TOTAL DISBURSEMENTS</b>	<b>111,036</b>	<b>202,011</b>	<b>187,037</b>	<b>9,876</b>	<b>4</b>	<b>-</b>	<b>509,964</b>
BALANCES JUNE 30, 2016	<u>\$ 7,792</u>	<u>\$ 11,560</u>	<u>\$ 7,744</u>	<u>\$ 5,864</u>	<u>\$ 25</u>	<u>\$ 3,191</u>	<u>\$ 36,176</u>
<b>BALANCES CONSIST OF:</b>							
Due to County Treasurer	\$ 4,407	\$ 2,026	\$ 5,244	\$ 1,024	\$ -	\$ 3,191	\$ 15,892
Petty Cash	-	-	2,500	-	25	-	2,525
Due to State Treasurer	3,385	836	-	-	-	-	4,221
Due to Others	-	8,698	-	4,840	-	-	13,538
BALANCES JUNE 30, 2016	<u>\$ 7,792</u>	<u>\$ 11,560</u>	<u>\$ 7,744</u>	<u>\$ 5,864</u>	<u>\$ 25</u>	<u>\$ 3,191</u>	<u>\$ 36,176</u>

NEMAHA COUNTY  
**SCHEDULE OF TAXES CERTIFIED AND COLLECTED**  
**FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY**  
June 30, 2016

Item	2011	2012	2013	2014	2015
<b>Tax Certified by Assessor</b>					
Real Estate	\$ 10,728,618	\$ 11,238,060	\$ 12,537,515	\$ 13,735,288	\$ 14,621,032
Personal and Specials	798,152	841,446	924,454	975,358	990,508
<b>Total</b>	<b>11,526,770</b>	<b>12,079,506</b>	<b>13,461,969</b>	<b>14,710,646</b>	<b>15,611,540</b>
<b>Corrections</b>					
Additions	10,440	11,894	10,924	4,271	8,583
Deductions	(16,471)	(13,843)	(4,191)	(4,964)	(6,584)
Net Additions/ (Deductions)	(6,031)	(1,949)	6,733	(693)	1,999
<b>Corrected Certified Tax</b>	<b>11,520,739</b>	<b>12,077,557</b>	<b>13,468,702</b>	<b>14,709,953</b>	<b>15,613,539</b>
<b>Net Tax Collected by County Treasurer during Fiscal Year Ending:</b>					
June 30, 2012	6,997,693	-	-	-	-
June 30, 2013	4,512,457	7,407,077	-	-	-
June 30, 2014	5,195	4,669,977	8,437,438	-	-
June 30, 2015	622	(4,568)	5,015,006	9,193,217	-
June 30, 2016	1,112	1,150	9,488	5,493,902	9,571,426
<b>Total Net Collections</b>	<b>11,517,079</b>	<b>12,073,636</b>	<b>13,461,932</b>	<b>14,687,119</b>	<b>9,571,426</b>
<b>Total Uncollected Tax</b>	<b>\$ 3,660</b>	<b>\$ 3,921</b>	<b>\$ 6,770</b>	<b>\$ 22,834</b>	<b>\$ 6,042,113</b>
<b>Percentage Uncollected Tax</b>	<b>0.03%</b>	<b>0.03%</b>	<b>0.05%</b>	<b>0.16%</b>	<b>38.70%</b>

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



## 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, 2016, 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 24, 2016. 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. 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 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 the management of Nemaha County in a separate letter dated August 24, 2016.

### **Nemaha County's Response to Findings**

Nemaha 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.



Deann Haeffner, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska

August 24, 2016



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Charlie Janssen  
State Auditor

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August 24, 2016

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, 2016, and have issued our report thereon dated August 24, 2016. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

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

### **COUNTY OVERALL**

#### **Segregation of Duties**

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. A lack of segregation of duties increases the risk of possible errors or irregularities; however, due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost. This was also noted in prior audits.

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

## COUNTY BOARD

### Inadequate Documentation for Credit Card Claims

During testing, we noted two charges made on County credit cards for which adequate documentation was not provided to the County Board prior to payment of the claims.

- One claim, paid in August 2015, consisted of six gift cards for \$25 each, plus a \$4 fee, for a total charge of \$174. Information provided to the County Board as support included receipts for the purchase of the gift cards; however, no other information regarding the recipient of the gift cards or the purpose for their purchase was provided.

After inquiry, the APA was informed that the gift cards were given to volunteers who work training associated with the Emergency Management office. When the cards are received, the recipient is to sign and date a scanned copy of the card; however, of the six cards, only five signed copies were provided. Furthermore, none of the documentation was dated, so the APA was unable to verify that an event occurred on the date of the payment. No information could be provided on the sixth card.

Documentation was not available to support the County Board had established a formal policy in accordance with the Local Government Miscellaneous Expenditure Act for the approval of paying volunteers, or approved the amount of the gift cards paid to each volunteer.

- One claim, paid in May 2016, submitted by the Emergency Management office consisted of a payment to Pizza Hut totaling \$59; however, the receipt attached to the claim only totaled \$30, a variance of \$29.

Neb. Rev. Stat. § 13-2203 (Reissue 2012) states:

*In addition to other expenditures authorized by law, each governing body may approve: (1)(a) The expenditure of public funds for the payment or reimbursement of actual and necessary expenses incurred by elected and appointed officials, employees, or volunteers at educational workshops, conferences, training programs, official functions, hearings, or meetings, whether incurred within or outside the boundaries of the local government, if the governing body gave prior approval for participation or attendance at the event and for payment or reimbursement either by the formal adoption of a uniform policy or by a formal vote of the governing body.*

Additionally, good internal controls require adequate documentation, such as itemized receipts, to be provided to the County Board to verify that the charges made by the cardholder are for appropriate purposes associated with County business. When adequate supporting documentation is not provided, there is an increased risk for the loss, theft, or misuse of County funds.

We recommend the County Board implement procedures to ensure all claims are fully supported prior to payment, including procedures to verify the charges made are for appropriate purposes associated with County business.

## COUNTY SHERIFF

### Sheriff Accounting Procedures

The Sheriff's office uses QuickBooks accounting software to record the financial activities of the office. As of June 30, 2016, we noted office records indicated assets (cash on hand, reconciled bank balance, accounts receivable, etc.) were \$1,478 long compared to liabilities (fee and trust accounts). No accounts payable were recorded in the accounting software, likely contributing to the long amount. Additionally, we noted a monthly asset to liability reconciliation was not performed. Had such reconciliation been performed, the long amount noted at June 30, 2016, would likely have been identified, allowing appropriate corrective action to be taken.

Furthermore, during a surprise cash count, we noted a receipt was not written for one check on hand – nor was that check otherwise recorded in the office's accounting records.

Failure to maintain current, accurate financial records, and identify asset to liability balancing variances in a timely manner increases the risk of loss, theft, or misuse of funds, allowing errors and/or irregularities to go undetected more easily. A similar comment has been noted during prior year audits.

We recommend the Sheriff implement timely asset to liability balancing procedures to identify and correct any variances noted. We further recommend that all monies received in the office be recorded immediately upon receipt.

*Sheriff's Response: Regarding the difference in assets and liabilities, the Sheriff's Office will work to check this offset on a periodic basis and work to reconcile the current difference. With Nebraska's statute requiring that fees (even if uncollected) be remitted when earned, the accounting becomes a bit more complex to reconcile.*

*Regarding the check that was not receipted – it should be noted that the check was restrictively endorsed at the time of the cash count (and actually was so endorsed upon its receipt). At the time that the check was received, it was not receipted (likely to an incorrect item within the software) to save on human resources and avoid having to correct that transaction and then receipt it under the correct category.*

## COUNTY ATTORNEY

### Excess Balance

As of June 30, 2016, the County Attorney had an unknown trust balance of \$4,810. This comment has been noted in prior year audits.

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 and Reconciliations**

During our review of receipts in the County Attorney's office for the fiscal year ended June 30, 2016, we noted 20 receipts, totaling \$540, that were not deposited to the bank in a timely manner. Those late deposits were made from 10 to 47 days after the receipt date. This comment has been noted in prior year audits.

Additionally, a bank reconciliation had not been completed for the months of April 2016 through June 2016. Due to this lack of reconciliation, an accurate book balance was unable to be provided for June 30, 2016.

Sound accounting practice and good internal controls require comprehensive, detailed reconciliation procedures to be utilized, at least on a monthly basis, to ensure proper balancing and reconciliation of the County Attorney's book and bank balances. These procedures also include 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 implement procedures to ensure that bank balances are reconciled to the actual book balance on a monthly basis. Those procedures should also ensure that all deposits are made on a weekly or biweekly basis either in 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