

**AUDIT REPORT  
OF  
NEMAHA COUNTY**

**JULY 1, 2016, THROUGH JUNE 30, 2017**

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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 30, 2017**

NEMAHA COUNTY

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NEMAHA COUNTY  
1824 N Street  
Auburn, NE 68305

**LIST OF COUNTY OFFICIALS**  
At June 30, 2017

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	Marvin Bohling	Jan. 2019
	Bob Hutton	Jan. 2019
	Bryan Mellage	Jan. 2021
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	Sue Baumann	Appointed
Weed Superintendent	Joe Wittwer	Appointed
Surveyor	Tom Catlett	Appointed
Emergency Manager	Renee Critser	Appointed



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Charlie Janssen  
State Auditor

Charlie.Janssen@nebraska.gov  
PO Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
[www.auditors.nebraska.gov](http://www.auditors.nebraska.gov)

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, 2017, 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, 2017, 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, 2017, 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**

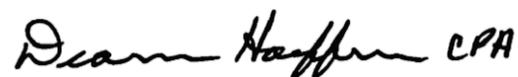
Our audit was conducted for the purpose of forming opinions on the financial statements as a whole, which collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes 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 20-33, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2017, 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 17, 2017



Deann Haeffner, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska

NEMAHA COUNTY  
**STATEMENT OF NET POSITION - CASH BASIS**  
 June 30, 2017

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Cash Equivalents (Note 1.D)	\$ 4,634,485
<b>TOTAL ASSETS</b>	<u><u>\$ 4,634,485</u></u>
<b>NET POSITION</b>	
Restricted for:	
Visitor Promotion	\$ 37,416
911 Emergency Services	184,196
Preservation of Records	1,417
Debt Service	404,206
Bridge and Road Projects	244,280
Unrestricted	3,762,970
<b>TOTAL NET POSITION</b>	<u><u>\$ 4,634,485</u></u>

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

NEMAHA COUNTY  
**STATEMENT OF ACTIVITIES - CASH BASIS**  
For the Year Ended June 30, 2017

<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	\$ (1,751,600)	\$ 346,243	\$ 43,731	\$ (1,361,626)
Public Safety	(1,892,511)	365,985	55,650	(1,470,876)
Public Works	(2,543,470)	-	1,242,443	(1,301,027)
Health and Sanitation	(31,959)	-	-	(31,959)
Public Assistance	(58,305)	-	-	(58,305)
Culture and Recreation	(26,350)	-	-	(26,350)
Debt Payments	(344,420)	-	-	(344,420)
Capital Outlay	(22,403)	-	-	(22,403)
<b>Total Governmental Activities</b>	<b>\$ (6,671,018)</b>	<b>\$ 712,228</b>	<b>\$ 1,341,824</b>	<b>(4,616,966)</b>

General Receipts:

Property Taxes	3,893,086
Grants and Contributions Not Restricted to Specific Programs	346,354
Investment Income	17,078
Licenses and Permits	21,654
Bond Reimbursement	343,909
Miscellaneous	51,914
<b>Total General Receipts</b>	<b>4,673,995</b>
Increase in Net Position	57,029
Net Position - Beginning of year	4,577,456
Net Position - End of year	<b>\$ 4,634,485</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, 2017

	<u>General Fund</u>	<u>Road Fund</u>	<u>Inheritance Fund</u>	<u>Road Bridge Improvement Fund</u>	<u>County Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>							
Cash and Cash Equivalents (Note 1.D)	\$ 510,059	\$ 284,971	\$ 854,410	\$ 1,118,675	\$ 887,380	\$ 978,990	\$ 4,634,485
<b>TOTAL ASSETS</b>	<u>\$ 510,059</u>	<u>\$ 284,971</u>	<u>\$ 854,410</u>	<u>\$ 1,118,675</u>	<u>\$ 887,380</u>	<u>\$ 978,990</u>	<u>\$ 4,634,485</u>
<b>FUND BALANCES</b>							
Restricted for:							
Visitor Promotion	-	-	-	-	-	37,416	37,416
911 Emergency Services	-	-	-	-	-	184,196	184,196
Preservation of Records	-	-	-	-	-	1,417	1,417
Debt Service	-	-	-	-	-	404,206	404,206
Bridge and Road Projects	-	-	-	-	-	244,280	244,280
Committed to:							
Law Enforcement	-	-	-	-	-	9,972	9,972
Road Maintenance	-	284,971	-	1,118,675	-	77,057	1,480,703
County Buildings	-	-	-	-	887,380	-	887,380
Future Compensation Benefits	-	-	-	-	-	18,134	18,134
911 Emergency Services	-	-	-	-	-	2,312	2,312
Assigned to:							
Other Purposes	-	-	854,410	-	-	-	854,410
Unassigned	510,059	-	-	-	-	-	510,059
<b>TOTAL CASH BASIS FUND BALANCES</b>	<u>\$ 510,059</u>	<u>\$ 284,971</u>	<u>\$ 854,410</u>	<u>\$ 1,118,675</u>	<u>\$ 887,380</u>	<u>\$ 978,990</u>	<u>\$ 4,634,485</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, 2017

	General Fund	Road Fund	Inheritance Fund	Road Bridge Improvement Fund	County Building Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>							
Property Taxes	\$3,434,535	\$ -	\$ 356,094	\$ -	\$ -	\$ 102,457	\$ 3,893,086
Licenses and Permits	21,654	-	-	-	-	-	21,654
Investment Income	15,618	-	-	-	-	1,460	17,078
Intergovernmental	358,898	1,062,030	-	-	-	267,250	1,688,178
Charges for Services	705,833	-	-	-	-	6,395	712,228
Miscellaneous	36,977	4,937	10,000	-	-	343,909	395,823
<b>TOTAL RECEIPTS</b>	<u>4,573,515</u>	<u>1,066,967</u>	<u>366,094</u>	<u>-</u>	<u>-</u>	<u>721,471</u>	<u>6,728,047</u>
<b>DISBURSEMENTS</b>							
General Government	1,497,726	-	241,002	-	-	12,872	1,751,600
Public Safety	1,737,169	-	-	-	-	155,342	1,892,511
Public Works	2,189	2,139,196	-	271,325	-	130,760	2,543,470
Health and Sanitation	31,959	-	-	-	-	-	31,959
Public Assistance	58,305	-	-	-	-	-	58,305
Culture and Recreation	-	-	-	-	-	26,350	26,350
Debt Service:							
Principal Payments	-	-	-	-	-	325,000	325,000
Interest and Fiscal Charges	-	-	-	-	-	19,420	19,420
Capital Outlay	-	-	-	-	22,403	-	22,403
<b>TOTAL DISBURSEMENTS</b>	<u>3,327,348</u>	<u>2,139,196</u>	<u>241,002</u>	<u>271,325</u>	<u>22,403</u>	<u>669,744</u>	<u>6,671,018</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>1,246,167</u>	<u>(1,072,229)</u>	<u>125,092</u>	<u>(271,325)</u>	<u>(22,403)</u>	<u>51,727</u>	<u>57,029</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	1,022,621	48,000	-	156,000	16,344	1,242,965
Transfers out	(1,237,959)	-	-	-	-	(5,006)	(1,242,965)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,237,959)</u>	<u>1,022,621</u>	<u>48,000</u>	<u>-</u>	<u>156,000</u>	<u>11,338</u>	<u>-</u>
Net Change in Fund Balances	8,208	(49,608)	173,092	(271,325)	133,597	63,065	57,029
<b>CASH BASIS FUND BALANCES - BEGINNING</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>CASH BASIS FUND BALANCES - ENDING</b>	<u>\$ 510,059</u>	<u>\$ 284,971</u>	<u>\$ 854,410</u>	<u>\$ 1,118,675</u>	<u>\$ 887,380</u>	<u>\$ 978,990</u>	<u>\$ 4,634,485</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, 2017

	Agency Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 734,894
 <b>LIABILITIES</b>	
Due to other governments	
State	137,295
Schools	462,950
Educational Service Units	1,853
Technical College	9,288
Natural Resource Districts	3,783
Fire Districts	2,912
Municipalities	36,998
Agricultural Society	548
Drainage Districts	68,330
Others	10,937
<b>TOTAL LIABILITIES</b>	<b>734,894</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, 2017

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 County contributed \$12,901 toward the operation of the Region during fiscal year 2017.

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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. 2016).

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 2017. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Cum. Supp. 2016). Financial information for the Department is available in that report.

Southeast Region 911 Communication Services (911 Region) – The County has entered into an agreement with the governing boards of the Public Safety Answering Points (PSAPs) of the City of Lincoln, City of Beatrice, City of Crete, City of Falls City, Cass County, Clay County, Fillmore County, Jefferson County, Johnson County, Pawnee County, Nuckolls County, Otoe County, Seward County, Thayer County, and York County to fund the planning, creation, and implementation of a 911 emergency call system for the southeast region of the State of Nebraska.

The governing board is established by interlocal agreement and includes representatives from the participating political subdivisions. Each political subdivision contributes to the financial support of the 911 Region based on formulas developed by the governing board. Funding is provided by a combination of Federal, State, local and private funding. The County was named the fiscal agent for the 911 Region in 2016, and a separate County fund was created to account for the financial activity. The activity of this fund was included in the financial statements of the County and is included in this report. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement.

**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,

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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.

**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.

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

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

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

**Capital Project Funds.** The County Building Fund accounts for all resources received and used for the acquisition or development of major capital improvements.

**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.

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 -

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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.

**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.

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

**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 \$871,515 of restricted net position, which is fully restricted by enabling legislation.

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

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

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

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

2. **Deposits and Investments**

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

At year end, the County's carrying amount of deposits was \$4,634,485 for County funds and \$734,894 for Fiduciary funds. The bank balances for all funds totaled \$5,330,697. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2017, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

3. **Property Taxes**

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

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

The levy set in October 2016, for the 2016 taxes, which will be materially collected in May and September 2017, was set at \$.294248/\$100 of assessed valuation. The levy set in October 2015, for the 2015 taxes, which were materially collected in May and September 2016, was set at \$.303873/\$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. 2016) and may be amended through legislative action.

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

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

County employees and elected officials contribute 4.5% of their total compensation. In addition, the County contributes an amount equal to 150% of the employee's contribution. The contribution rates are established by § 23-2307 and § 23-2308 and may be amended through legislative action. The employee's and employer's contributions are kept in separate accounts. The employee's account is fully vested. The employer's account is fully vested after three years of participation in the system or credit for participation in another governmental plan prior to actual contribution to the Plan. 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, 2017, 72 employees contributed \$101,915, and the County contributed \$150,162. Contributions included \$5,420 in cash contributions towards the supplemental law enforcement plan for 13 law enforcement employees. Lastly, the County paid \$173 directly to three 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 89 counties and local governments 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,

NEMAHA COUNTY

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**5. Risk Management** (Concluded)

and the manner of calculating the same, is sent to each county in writing, and each county has 60 days in which to pay the amount of such assessment. Each county remains liable for such assessments, regardless of such county's withdrawal from participation or the termination of the agreement, as well as for liabilities of the pool incurred during such county's period of membership.

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

	NIRMA Coverage	Maximum Coverage
General Liability Claim	\$ 300,000	\$ 5,000,000
Workers' Compensation Claim	\$ 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 2018. 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, 2017, consisted of the following:

<b>Transfers to</b>	Transfers from		Total
	General Fund	Nonmajor Funds	
Road Fund	\$ 1,018,856	\$ 3,765	\$ 1,022,621
Inheritance Fund	48,000	-	48,000
County Building Fund	156,000	-	156,000
Nonmajor Funds	15,103	1,241	16,344
Total	<u>\$ 1,237,959</u>	<u>\$ 5,006</u>	<u>\$ 1,242,965</u>

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.

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, 2017, was \$1,010,000. 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, 2017, 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>
2018	\$ 330,000	\$ 10,842	\$ 340,842
2019	340,000	6,059	346,059
2020	340,000	2,535	342,535
Total Payments	<u>\$ 1,010,000</u>	<u>\$ 19,436</u>	<u>\$ 1,029,436</u>

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

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 3,630,873	\$ 3,630,873	\$ 3,434,535	\$ (196,338)
Licenses and Permits	20,000	20,000	21,654	1,654
Interest	10,035	10,035	15,618	5,583
Intergovernmental	408,408	408,408	358,898	(49,510)
Charges for Services	699,808	699,808	705,833	6,025
Miscellaneous	32,076	32,076	36,977	4,901
<b>TOTAL RECEIPTS</b>	<u>4,801,200</u>	<u>4,801,200</u>	<u>4,573,515</u>	<u>(227,685)</u>
<b>DISBURSEMENTS</b>				
General Government:				
County Commissioners	75,484	75,484	71,890	3,594
County Clerk	125,635	125,635	124,901	734
County Treasurer	131,017	131,017	129,668	1,349
County Assessor	163,084	163,084	143,287	19,797
Election Commissioner	20,000	22,954	22,954	-
Clerk of the District Court	74,537	74,537	64,976	9,561
County Court System	2,800	2,800	2,352	448
District Judge	54,278	54,278	44,859	9,419
Building and Grounds	225,417	225,417	138,535	86,882
Agricultural Extension Agent	68,329	68,329	47,609	20,720
Miscellaneous	944,762	941,808	706,695	235,113
Public Safety				
County Sheriff	987,588	987,588	838,743	148,845
County Attorney	151,769	151,769	150,937	832
Communication Center	323,089	323,089	314,247	8,842
County Jail	437,889	437,889	300,033	137,856
Emergency Management	128,034	128,034	96,262	31,772
Child Support	27,250	28,315	28,315	-
Miscellaneous	12,829	11,764	8,632	3,132
Public Works				
County Surveyor	800	800	739	61
Miscellaneous	1,450	1,450	1,450	-
Public Health				
Miscellaneous	33,959	33,959	31,959	2,000
Public Assistance				
Veterans' Service Officer	33,478	33,478	28,526	4,952
Relief	16,500	16,500	4,582	11,918
Institutions	5,000	5,000	2,190	2,810
Miscellaneous	46,069	46,069	23,007	23,062
<b>TOTAL DISBURSEMENTS</b>	<u>4,091,047</u>	<u>4,091,047</u>	<u>3,327,348</u>	<u>763,699</u>

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

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	710,153	710,153	1,246,167	536,014
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(1,012,004)	(1,012,004)	(1,237,959)	(225,955)
TOTAL OTHER FINANCING SOURCES (USES)	(1,012,004)	(1,012,004)	(1,237,959)	(225,955)
Net Change in Fund Balance	(301,851)	(301,851)	8,208	310,059
<b>FUND BALANCE - BEGINNING</b>	501,851	501,851	501,851	-
<b>FUND BALANCE - ENDING</b>	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 510,059</u>	<u>\$ 310,059</u>

(Concluded)

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

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD FUND</b>				
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,027,279	\$ 1,027,279	\$ 1,062,030	\$ 34,751
Miscellaneous	-	-	4,937	4,937
<b>TOTAL RECEIPTS</b>	<b>1,027,279</b>	<b>1,027,279</b>	<b>1,066,967</b>	<b>39,688</b>
<b>DISBURSEMENTS</b>	<b>2,358,760</b>	<b>2,358,760</b>	<b>2,139,196</b>	<b>219,564</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(1,331,481)</b>	<b>(1,331,481)</b>	<b>(1,072,229)</b>	<b>259,252</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	996,902	996,902	1,022,621	25,719
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>996,902</b>	<b>996,902</b>	<b>1,022,621</b>	<b>25,719</b>
Net Change in Fund Balance	(334,579)	(334,579)	(49,608)	284,971
FUND BALANCE - BEGINNING	334,579	334,579	334,579	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 284,971</u>	<u>\$ 284,971</u>
<b>INHERITANCE FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ -	\$ -	\$ 356,094	\$ 356,094
Miscellaneous	-	-	10,000	10,000
<b>TOTAL RECEIPTS</b>	<b>-</b>	<b>-</b>	<b>366,094</b>	<b>366,094</b>
<b>DISBURSEMENTS</b>	<b>681,318</b>	<b>681,318</b>	<b>241,002</b>	<b>440,316</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(681,318)</b>	<b>(681,318)</b>	<b>125,092</b>	<b>806,410</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	48,000	48,000
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>48,000</b>	<b>48,000</b>
Net Change in Fund Balance	(681,318)	(681,318)	173,092	854,410
FUND BALANCE - BEGINNING	681,318	681,318	681,318	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 854,410</u>	<u>\$ 854,410</u>

(Continued)

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

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>ROAD BRIDGE IMPROVEMENT FUND</u></b>				
<b>RECEIPTS</b>				
TOTAL RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	1,390,000	1,390,000	271,325	1,118,675
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(1,390,000)	(1,390,000)	(271,325)	1,118,675
Net Change in Fund Balance	(1,390,000)	(1,390,000)	(271,325)	1,118,675
FUND BALANCE - BEGINNING	1,390,000	1,390,000	1,390,000	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,118,675</u>	<u>\$ 1,118,675</u>
<b><u>COUNTY BUILDING FUND</u></b>				
<b>RECEIPTS</b>				
TOTAL RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	753,783	753,783	22,403	731,380
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(753,783)	(753,783)	(22,403)	731,380
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	156,000	156,000
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	156,000	156,000
Net Change in Fund Balance	(753,783)	(753,783)	133,597	887,380
FUND BALANCE - BEGINNING	753,783	753,783	753,783	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 887,380</u>	<u>\$ 887,380</u>

(Concluded)

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

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD EQUIPMENT FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(207,817)	(207,817)	(130,760)	77,057
Net Change in Fund Balance	(207,817)	(207,817)	(130,760)	77,057
Fund Balance - Beginning	207,817	207,817	207,817	-
Fund Balance - Ending	\$ -	\$ -	\$ 77,057	\$ 77,057
<b>HIGHWAY BRIDGE BUYBACK PROGRAM FUND</b>				
Receipts	\$ 700,000	\$ 700,000	\$ 244,280	\$ (455,720)
Disbursements	(700,000)	(700,000)	-	700,000
Net Change in Fund Balance	-	-	244,280	244,280
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ 244,280	\$ 244,280
<b>COUNTY VISITOR'S PROMOTION FUND</b>				
Receipts	\$ 10,000	\$ 10,000	\$ 12,753	\$ 2,753
Disbursements	(23,532)	(23,532)	(8,658)	14,874
Net Change in Fund Balance	(13,532)	(13,532)	4,095	17,627
Fund Balance - Beginning	13,532	13,532	13,532	-
Fund Balance - Ending	\$ -	\$ -	\$ 17,627	\$ 17,627
<b>COUNTY VISITOR'S IMPROVEMENT FUND</b>				
Receipts	\$ 10,000	\$ 10,000	\$ 12,752	\$ 2,752
Disbursements	(34,729)	(34,729)	(17,692)	17,037
Net Change in Fund Balance	(24,729)	(24,729)	(4,940)	19,789
Fund Balance - Beginning	24,729	24,729	24,729	-
Fund Balance - Ending	\$ -	\$ -	\$ 19,789	\$ 19,789
<b>PRESERVATION AND MODERNIZATION FUND</b>				
Receipts	\$ 4,500	\$ 4,500	\$ 4,645	\$ 145
Disbursements	(6,744)	(6,744)	(5,472)	1,272
Net Change in Fund Balance	(2,244)	(2,244)	(827)	1,417
Fund Balance - Beginning	2,244	2,244	2,244	-
Fund Balance - Ending	\$ -	\$ -	\$ 1,417	\$ 1,417

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

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>VACATION / SICK LEAVE CLAIM RESERVE FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(29,299)	(29,299)	(7,400)	21,899
Transfers in	10,000	10,000	10,000	-
Transfers out	-	-	(3,765)	(3,765)
Net Change in Fund Balance	(19,299)	(19,299)	(1,165)	18,134
Fund Balance - Beginning	19,299	19,299	19,299	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,134</u>	<u>\$ 18,134</u>
<b>DIVERSION PROGRAM STOP FUND</b>				
Receipts	\$ 3,500	\$ 3,500	\$ 4,500	\$ 1,000
Disbursements	(7,628)	(7,628)	(341)	7,287
Net Change in Fund Balance	(4,128)	(4,128)	4,159	8,287
Fund Balance - Beginning	4,128	4,128	4,128	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,287</u>	<u>\$ 8,287</u>
<b>DRUG COALITION FUND</b>				
Receipts	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
Disbursements	(4,106)	(4,106)	(1,887)	2,219
Transfers in	1,000	1,000	1,000	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(1,106)	(1,106)	(887)	219
Fund Balance - Beginning	1,106	1,106	1,106	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 219</u>	<u>\$ 219</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, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>CANINE (K-9) DOG FUND</b>				
Receipts	\$ 12,000	\$ 12,000	\$ 69	\$ (11,931)
Disbursements	(12,111)	(12,111)	-	12,111
Net Change in Fund Balance	(111)	(111)	69	180
Fund Balance - Beginning	111	111	111	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 180</u>	<u>\$ 180</u>
<b>FEDERAL CRIME GRANT FUND</b>				
Receipts	\$ 1,200	\$ 1,200	\$ 915	\$ (285)
Disbursements	(1,222)	(1,222)	(937)	285
Net Change in Fund Balance	(22)	(22)	(22)	-
Fund Balance - Beginning	22	22	22	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>911 WIRELESS SERVICE FUND</b>				
Receipts	\$ 45,723	\$ 45,723	\$ 45,723	\$ -
Disbursements	(44,554)	(44,554)	(17,778)	26,776
Transfers in	1,805	1,805	1,805	-
Transfers out	(2,974)	(2,974)	(1,134)	1,840
Net Change in Fund Balance	-	-	28,616	28,616
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,616</u>	<u>\$ 28,616</u>
<b>911 WIRELESS SERVICE HOLDING FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(162,000)	(162,000)	(65,186)	96,814
Transfers in	2,974	2,974	-	(2,974)
Transfers out	-	-	-	-
Net Change in Fund Balance	(159,026)	(159,026)	(65,186)	93,840
Fund Balance - Beginning	159,026	159,026	159,026	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,840</u>	<u>\$ 93,840</u>

(Continued)

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

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>JAIL COMMISSARY FUND</b>				
Receipts	\$ 5,600	\$ 5,600	\$ 1,681	\$ (3,919)
Disbursements	(8,005)	(8,005)	(2,800)	5,205
Transfers in	2,405	2,405	2,405	-
Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	1,286	1,286
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,286</u>	<u>\$ 1,286</u>
<b>HOSPITAL BOND ACCOUNT FUND</b>				
Receipts	\$ 344,163	\$ 344,163	\$ 345,369	\$ 1,206
Disbursements	(747,420)	(747,420)	(344,420)	403,000
Net Change in Fund Balance	(403,257)	(403,257)	949	404,206
Fund Balance - Beginning	403,257	403,257	403,257	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 404,206</u>	<u>\$ 404,206</u>
<b>911 EMERGENCY COMM. STUDY AGREEMENT FUND</b>				
Receipts	\$ 33,000	\$ 33,000	\$ 17,555	\$ (15,445)
Disbursements	(32,006)	(32,006)	(17,249)	14,757
Transfers in	-	-	-	-
Transfers out	(3,000)	(3,000)	-	3,000
Net Change in Fund Balance	(2,006)	(2,006)	306	2,312
Fund Balance - Beginning	2,006	2,006	2,006	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,312</u>	<u>\$ 2,312</u>
<b>911 EMERGENCY SERVICE FUND</b>				
Receipts	\$ 280,000	\$ 280,000	\$ 31,229	\$ (248,771)
Disbursements	(361,540)	(361,540)	(49,164)	312,376
Transfers in	3,000	3,000	1,134	(1,866)
Transfers out	(108)	(108)	(107)	1
Net Change in Fund Balance	(78,648)	(78,648)	(16,908)	61,740
Fund Balance - Beginning	78,648	78,648	78,648	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,740</u>	<u>\$ 61,740</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, 2017

	Road Equipment Fund	Highway Bridge Buyback Program Fund	County Visitor's Promotion Fund	County Visitor's Improvement Fund
<b>RECEIPTS</b>				
Property Taxes	\$ -	\$ -	\$ 12,753	\$ 12,752
Investment Income	-	-	-	-
Intergovernmental	-	244,280	-	-
Charges for Services	-	-	-	-
Miscellaneous	-	-	-	-
<b>TOTAL RECEIPTS</b>	<u>-</u>	<u>244,280</u>	<u>12,753</u>	<u>12,752</u>
<b>DISBURSEMENTS</b>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	130,760	-	-	-
Culture and Recreation	-	-	8,658	17,692
Debt Service:				
Principal Payments	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>130,760</u>	<u>-</u>	<u>8,658</u>	<u>17,692</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(130,760)</u>	<u>244,280</u>	<u>4,095</u>	<u>(4,940)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(130,760)	244,280	4,095	(4,940)
<b>FUND BALANCES - BEGINNING</b>	<u>207,817</u>	<u>-</u>	<u>13,532</u>	<u>24,729</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 77,057</u>	<u>\$ 244,280</u>	<u>\$ 17,627</u>	<u>\$ 19,789</u>
<b>FUND BALANCES:</b>				
Restricted for:				
Visitor Promotion	-	-	17,627	19,789
911 Emergency Services	-	-	-	-
Preservation of Records	-	-	-	-
Debt Service	-	-	-	-
Bridge and Road Projects	-	244,280	-	-
Committed to:				
Law Enforcement	-	-	-	-
Road Maintenance	77,057	-	-	-
Future Compensation Benefits	-	-	-	-
911 Emergency Services	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 77,057</u>	<u>\$ 244,280</u>	<u>\$ 17,627</u>	<u>\$ 19,789</u>

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

For the Year Ended June 30, 2017

	Preservation and Modernization Fund	Vacation / Sick Leave Claim Reserve Fund	Diversion Program STOP Fund	Drug Coalition Fund	Federal Drug Law Enforcement Forfeiture Fund
<b>RECEIPTS</b>					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Income	-	-	-	-	-
Intergovernmental	-	-	4,500	-	-
Charges for Services	4,645	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>TOTAL RECEIPTS</b>	<b>4,645</b>	<b>-</b>	<b>4,500</b>	<b>-</b>	<b>-</b>
<b>DISBURSEMENTS</b>					
General Government	5,472	7,400	-	-	-
Public Safety	-	-	341	1,887	-
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<b>5,472</b>	<b>7,400</b>	<b>341</b>	<b>1,887</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(827)</b>	<b>(7,400)</b>	<b>4,159</b>	<b>(1,887)</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	10,000	-	1,000	-
Transfers out	-	(3,765)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>6,235</b>	<b>-</b>	<b>1,000</b>	<b>-</b>
Net Change in Fund Balances	(827)	(1,165)	4,159	(887)	-
<b>FUND BALANCES - BEGINNING</b>	<b>2,244</b>	<b>19,299</b>	<b>4,128</b>	<b>1,106</b>	<b>-</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 1,417</b>	<b>\$ 18,134</b>	<b>\$ 8,287</b>	<b>\$ 219</b>	<b>\$ -</b>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	-	-	-	-	-
Preservation of Records	1,417	-	-	-	-
Debt Service	-	-	-	-	-
Bridge and Road Projects	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	8,287	219	-
Road Maintenance	-	-	-	-	-
Future Compensation Benefits	-	18,134	-	-	-
911 Emergency Services	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>\$ 1,417</b>	<b>\$ 18,134</b>	<b>\$ 8,287</b>	<b>\$ 219</b>	<b>\$ -</b>

NEMAHA COUNTY  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2017

	Canine (K-9) Dog Fund	Federal Crime Grant Fund	911 Wireless Service Fund	911 Wireless Service Holding Fund	Jail Commissary Fund
<b>RECEIPTS</b>					
Property Taxes	\$ -	\$ -	\$45,723	\$ -	\$ -
Investment Income	-	-	-	-	-
Intergovernmental	-	915	-	-	-
Charges for Services	69	-	-	-	1,681
Miscellaneous	-	-	-	-	-
<b>TOTAL RECEIPTS</b>	<u>69</u>	<u>915</u>	<u>45,723</u>	<u>-</u>	<u>1,681</u>
<b>DISBURSEMENTS</b>					
General Government	-	-	-	-	-
Public Safety	-	937	17,778	65,186	2,800
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>-</u>	<u>937</u>	<u>17,778</u>	<u>65,186</u>	<u>2,800</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>69</u>	<u>(22)</u>	<u>27,945</u>	<u>(65,186)</u>	<u>(1,119)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	1,805	-	2,405
Transfers out	-	-	(1,134)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>671</u>	<u>-</u>	<u>2,405</u>
Net Change in Fund Balances	69	(22)	28,616	(65,186)	1,286
<b>FUND BALANCES - BEGINNING</b>	<u>111</u>	<u>22</u>	<u>-</u>	<u>159,026</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 180</u>	<u>\$ -</u>	<u>\$28,616</u>	<u>\$93,840</u>	<u>\$ 1,286</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	-	-	28,616	93,840	-
Preservation of Records	-	-	-	-	-
Debt Service	-	-	-	-	-
Bridge and Road Projects	-	-	-	-	-
Committed to:					
Law Enforcement	180	-	-	-	1,286
Road Maintenance	-	-	-	-	-
Future Compensation Benefits	-	-	-	-	-
911 Emergency Services	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 180</u>	<u>\$ -</u>	<u>\$28,616</u>	<u>\$93,840</u>	<u>\$ 1,286</u>

NEMAHA COUNTY  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2017

	Hospital Bond Account Fund	911 Emergency Comm. Study Agreement Fund	911 Emergency Service Fund	Total Nonmajor Governmental Funds
<b>RECEIPTS</b>				
Property Taxes	\$ -	\$ -	\$ 31,229	\$ 102,457
Investment Income	1,460	-	-	1,460
Intergovernmental	-	17,555	-	267,250
Charges for Services	-	-	-	6,395
Miscellaneous	343,909	-	-	343,909
<b>TOTAL RECEIPTS</b>	<u>345,369</u>	<u>17,555</u>	<u>31,229</u>	<u>721,471</u>
<b>DISBURSEMENTS</b>				
General Government	-	-	-	12,872
Public Safety	-	17,249	49,164	155,342
Public Works	-	-	-	130,760
Culture and Recreation	-	-	-	26,350
Debt Service:				-
Principal Payments	325,000	-	-	325,000
Interest and Fiscal Charges	19,420	-	-	19,420
<b>TOTAL DISBURSEMENTS</b>	<u>344,420</u>	<u>17,249</u>	<u>49,164</u>	<u>669,744</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>949</u>	<u>306</u>	<u>(17,935)</u>	<u>51,727</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	1,134	16,344
Transfers out	-	-	(107)	(5,006)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>1,027</u>	<u>11,338</u>
Net Change in Fund Balances	949	306	(16,908)	63,065
<b>FUND BALANCES - BEGINNING</b>	<u>403,257</u>	<u>2,006</u>	<u>78,648</u>	<u>915,925</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 404,206</u>	<u>\$ 2,312</u>	<u>\$ 61,740</u>	<u>\$ 978,990</u>
<b>FUND BALANCES:</b>				
Restricted for:				
Visitor Promotion	-	-	-	37,416
911 Emergency Services	-	-	61,740	184,196
Preservation of Records	-	-	-	1,417
Debt Service	404,206	-	-	404,206
Bridge and Road Projects	-	-	-	244,280
Committed to:				
Law Enforcement	-	-	-	9,972
Road Maintenance	-	-	-	77,057
Future Compensation Benefits	-	-	-	18,134
911 Emergency Services	-	2,312	-	2,312
<b>TOTAL FUND BALANCES</b>	<u>\$ 404,206</u>	<u>\$ 2,312</u>	<u>\$ 61,740</u>	<u>\$ 978,990</u>

**NEMAHA COUNTY**  
**SCHEDULE OF OFFICE ACTIVITIES**  
For the Year Ended June 30, 2017

	County Clerk	County Board	Clerk of the District Court	County Sheriff	County Attorney	Extension Office	Veterans' Service Officer	Total
BALANCES JULY 1, 2016	\$ 7,792	\$ -	\$ 11,560	\$ 7,744	\$ 5,864	\$ 25	\$ 3,191	\$ 36,176
<b>RECEIPTS</b>								
Property Taxes	-	-	-	-	-	-	-	-
Licenses and Permits	1,510	-	-	855	-	-	-	2,365
Intergovernmental	-	-	-	21,294	-	-	-	21,294
Charges for Services	49,948	-	10,117	46,268	880	-	-	107,213
Miscellaneous	26	5,000	-	518	-	2	75	5,621
State Fees	50,908	-	12,538	267	-	-	-	63,713
Other Liabilities	291	-	218,106	94,030	3,825	-	-	316,252
<b>TOTAL RECEIPTS</b>	<b>102,683</b>	<b>5,000</b>	<b>240,761</b>	<b>163,232</b>	<b>4,705</b>	<b>2</b>	<b>75</b>	<b>516,458</b>
<b>DISBURSEMENTS</b>								
Payments to County Treasurer	49,523	-	11,302	65,265	690	2	-	126,782
Payments to State Treasurer	46,900	-	12,494	267	-	-	-	59,661
Other Liabilities	291	-	201,732	96,427	3,855	-	75	302,380
<b>TOTAL DISBURSEMENTS</b>	<b>96,714</b>	<b>-</b>	<b>225,528</b>	<b>161,959</b>	<b>4,545</b>	<b>2</b>	<b>75</b>	<b>488,823</b>
BALANCES JUNE 30, 2017	<b>\$ 13,761</b>	<b>\$ 5,000</b>	<b>\$ 26,793</b>	<b>\$ 9,017</b>	<b>\$ 6,024</b>	<b>\$ 25</b>	<b>\$ 3,191</b>	<b>\$ 63,811</b>
<b>BALANCES CONSIST OF:</b>								
Due to County Treasurer	\$ 6,372	\$ -	\$ 841	\$ 6,517	\$ 1,214	\$ -	\$ 3,191	\$ 18,135
Petty Cash	-	5,000	-	2,500	-	25	-	7,525
Due to State Treasurer	7,389	-	880	-	-	-	-	8,269
Due to Others	-	-	25,072	-	4,810	-	-	29,882
BALANCES JUNE 30, 2017	<b>\$ 13,761</b>	<b>\$ 5,000</b>	<b>\$ 26,793</b>	<b>\$ 9,017</b>	<b>\$ 6,024</b>	<b>\$ 25</b>	<b>\$ 3,191</b>	<b>\$ 63,811</b>

NEMAHA COUNTY  
**SCHEDULE OF TAXES CERTIFIED AND COLLECTED**  
**FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY**  
 June 30, 2017

Item	2012	2013	2014	2015	2016
<b>Tax Certified by Assessor</b>					
Real Estate	\$ 11,238,060	\$ 12,537,515	\$ 13,735,288	\$ 14,621,032	\$ 14,952,891
Personal and Specials	841,446	924,454	975,358	990,508	865,303
<b>Total</b>	<b>12,079,506</b>	<b>13,461,969</b>	<b>14,710,646</b>	<b>15,611,540</b>	<b>15,818,194</b>
<b>Corrections</b>					
Additions	11,894	10,924	4,271	8,583	4,524
Deductions	(13,843)	(4,191)	(4,964)	(6,583)	(8,651)
Net Additions/ (Deductions)	(1,949)	6,733	(693)	2,000	(4,127)
<b>Corrected Certified Tax</b>	<b>12,077,557</b>	<b>13,468,702</b>	<b>14,709,953</b>	<b>15,613,540</b>	<b>15,814,067</b>
<b>Net Tax Collected by County Treasurer during Fiscal Year Ending:</b>					
June 30, 2013	7,407,077	-	-	-	-
June 30, 2014	4,669,977	8,437,438	-	-	-
June 30, 2015	(4,568)	5,015,006	9,193,217	-	-
June 30, 2016	1,150	9,488	5,493,902	9,571,426	-
June 30, 2017	599	4,478	15,088	6,021,217	9,704,035
<b>Total Net Collections</b>	<b>12,074,235</b>	<b>13,466,410</b>	<b>14,702,207</b>	<b>15,592,643</b>	<b>9,704,035</b>
<b>Total Uncollected Tax</b>	<b>\$ 3,322</b>	<b>\$ 2,292</b>	<b>\$ 7,746</b>	<b>\$ 20,897</b>	<b>\$ 6,110,032</b>
<b>Percentage Uncollected Tax</b>	<b>0.03%</b>	<b>0.02%</b>	<b>0.05%</b>	<b>0.13%</b>	<b>38.64%</b>

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



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Charlie Janssen  
State Auditor

Charlie.Janssen@nebraska.gov  
PO Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
[www.auditors.nebraska.gov](http://www.auditors.nebraska.gov)

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, 2017, 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 17, 2017. 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**

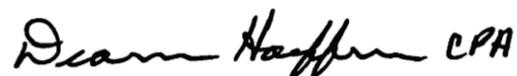
We also noted certain matters that we reported to the management of Nemaha County in a separate letter dated August 17, 2017.

### **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 17, 2017



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Charlie Janssen  
State Auditor

Charlie.Janssen@nebraska.gov  
PO Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
[www.auditors.nebraska.gov](http://www.auditors.nebraska.gov)

August 17, 2017

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, 2017, and have issued our report thereon dated August 17, 2017. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

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

### **COUNTY OVERALL**

#### **Segregation of Duties**

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

We noted the offices of the County each lacked a segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. 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.

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 TREASURER**

**Property Tax Credit Distribution**

During testing, it was noted that the real estate property tax credit monies for District 100 were incorrectly distributed to District 10 for both the first and second half payments. The following table illustrates the over and under payments to the subdivisions as a result of the incorrect distribution:

<b>Subdivision</b>	<b>Original Distribution*</b>	<b>Correct Distribution*</b>	<b>Over (Under) Payments</b>
Village of Brock	\$3,402	\$0	\$3,402
Johnson Brock School District 23	\$4,892	\$6,954	(\$2,062)
County General Fund	\$2,002	\$2,846	(\$844)
Southeast Community College	\$512	\$727	(\$215)
Talmage Fire District 9	\$0	\$137	(\$137)
Nemaha NRD	\$208	\$296	(\$88)
ESU 4	\$102	\$145	(\$43)
Agricultural Society	\$30	\$43	(\$13)
<b>Totals</b>	<b>\$11,148</b>	<b>\$11,148</b>	

*\*The table above reflects only the gross real estate property tax credit amounts and does not reflect the 1% commission the County is allowed to retain.*

Neb. Rev. Stat. § 77-4212(4)(a) (Cum. Supp. 2016) states the following:

*For tax years prior to tax year 2017, the amount disbursed to each county shall be equal to the amount available for disbursement determined under subsection (1) of this section multiplied by the ratio of the real property valuation in the county to the real property valuation in the state. By September 15, the Property Tax Administrator shall determine the amount to be disbursed under this subdivision to each county and certify such amounts to the State Treasurer and to each county. The disbursements to the counties shall occur in two equal payments, the first on or before January 31 and the second on or before April 1. After retaining one percent of the receipts for costs, the county treasurer shall allocate the remaining receipts to each taxing unit levying taxes on taxable property in the tax district in which the real property is located in the same proportion that the levy of such taxing unit bears to the total levy on taxable property of all the taxing units in the tax district in which the real property is located.*

When tax credit distributions are inaccurate, political subdivisions do not receive the appropriate amount of funding.

We recommend the County Treasurer correct the erroneous distributions and implement procedures to ensure all distributions are correctly calculated in the future.

**Homestead Loss Certification**

The amount of homestead loss certified to the Department of Revenue was incorrect and did not include the Tax Increment Financing (TIF) Homestead loss totaling \$8,075. While this incorrect certification caused some funds to receive the incorrect distribution, the County is in the process of correcting the homestead loss certification in order for all funds to receive the correct amount.

Neb. Rev. Stat. § 77-3523 (Cum. Supp. 2016) states, in relevant part, the following:

*The county treasurer shall, on or before November 30 of each year, certify to the Tax Commissioner the total tax revenue that will be lost to all taxing agencies within his or her county from taxes levied and assessed in that year because of exemptions allowed under sections 77-3501 to 77-3529.*

When the amount of homestead loss certified is incorrect, the County is not in compliance with State statute, and there is an increased risk for errors in collections and distributions.

We recommend the County Treasurer implement procedures to ensure homestead loss certified is accurate and agrees to other records of the office.

### **COUNTY ATTORNEY**

#### **Excess Balance**

As of June 30, 2017, 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.

#### **Receipting Procedures**

During our review of receipts in the County Attorney's office for the fiscal year ended June 30, 2017, we noted 29 receipts, totaling \$1,280, that were not deposited timely in either the Trust Account or with the County Treasurer. Those late deposits were made from 8 to 47 days after the receipt date. This comment has been noted in prior-year audits.

Additionally, we noted one transaction, totaling \$20, that did not have a corresponding physical receipt.

Neb. Rev. Stat. § 23-1207(1) (Reissue 2012), states, in relevant part, "It shall be the duty of the county attorney, whenever he or she shall receive any money or other property in his or her official capacity, to give to the person paying or depositing such money or other property duplicate receipts . . . ." Furthermore, good internal controls and sound accounting practices require depositing any monies as soon as possible in a secure depository – thus, allowing for accurate financial records.

We recommend the County Attorney deposit cash weekly, if possible, either in the Trust Account or with the County Treasurer. We further recommend the County Attorney implement procedures to ensure that receipts are written for all funds received.

## **COUNTY SHERIFF**

### **Sheriff Accounting Procedures**

During our audit, we noted the following issues with the County Sheriff's accounting procedures at June 30, 2017:

- A monthly asset-to-liability reconciliation was not performed, including reconciling petty cash maintained in the Sheriff's fee bank account to the authorized amount. A cash long was noted at June 30, 2017, in the amount of \$466.
- Advanced fees collected for paper service were not entered into QuickBooks, the Sheriff's office accounting software, until the service had been completed and not on the date received, resulting in no accounts payable being recorded in the accounting software.
- Amounts collected for the sale of phone cards were not remitted timely to the County Treasurer. Phone card collections were remitted only once during the fiscal year in January 2017, in the amount of \$1,657.

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

Failure to maintain 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. When amounts collected are not remitted to the County Treasurer timely, there is an increased risk of loss, theft, or misuse of funds. 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 accurately recorded in accounting software upon receipt. We further recommend the Sheriff remit phone card collections to the County Treasurer timely, at least quarterly.

## **COUNTY CLERK**

### **Preservation and Modernization Fund Coding**

During our testing, we noted that the Register of Deeds miscoded \$399 of recording fees for September 2016 to the County General Fund instead of to the Preservation and Modernization Fund, as required by State statute.

Neb. Rev. Stat. § 33-109(1) (Reissue 2016) states, in relevant part, the following:

*Two dollars and fifty cents of the ten-dollar fee for recording the first page and fifty cents of the six-dollar fee for recording each additional page shall be used exclusively for the purposes of preserving and maintaining public records of the office of the register of deeds and for modernization and technology needs relating to such records and preserving and maintaining public records of a register of deeds office that has been consolidated with another county office pursuant to section 22-417 and for modernization and technology needs relating to such records. The funds allocated under this subsection shall not be substituted for other allocations of county general funds to the register of deeds office or any other county office for the purposes enumerated in this subsection.*

When the statutorily prescribed amount of recording fees collected by the Register of Deeds are not coded to the Preservation and Modernization Fund, as required by State statute, those fees are not properly restricted. There is also an increased risk of loss or misuse of County funds.

We recommend the County implement procedures to ensure proper coding for preservation fees.

*County's Response: The Treasurer's office is given, each month with the check, a printout of the revenue codes to use and the amount to be deposited into each line item. They deposited everything into one line item and upon bringing a copy of the receipt to the Register of Deeds office, it wasn't noted that the Treasurer's office didn't credit the correct line items.*

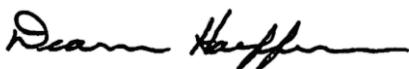
\* \* \* \* \*

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, CPA  
Assistant Deputy Auditor