

**AUDIT REPORT
OF
JOHNSON COUNTY**

JULY 1, 2008 THROUGH JUNE 30, 2009

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the Auditor of Public Accounts.**

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Issued on December 14, 2009

JOHNSON COUNTY

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JOHNSON COUNTY

LIST OF COUNTY OFFICIALS

At June 30, 2009

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Terry Keebler	Board of Commissioners	Jan. 2011
Robert Curry		Jan. 2013
Scotty Gottula		Jan. 2011
Karen Koehler	Assessor	Jan. 2011
Julie Hogancamp	Attorney	Jan. 2011
Kathleen Nieveen	Clerk Election Commissioner Register of Deeds Clerk of the District Court	Jan. 2011
James Wenzl	Sheriff	Jan. 2011
Judith Heidemann	Treasurer	Jan. 2011
Laverne Fritsch	Veterans' Service Officer	Appointed
Michael Davison	Weed Superintendent	Appointed
Keith Weber	Highway Superintendent	Appointed



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JOHNSON COUNTY

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Johnson County, Nebraska

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Johnson County, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the County's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

The financial statements referred to above include only the primary government of Johnson County, which consists of all funds, departments, and offices that comprise the County's legal entity. The financial statements do not include financial data for the County's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the County's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of Johnson County as of June 30, 2009, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash balances of the governmental activities, each major fund, and the aggregate remaining fund information for the primary government of Johnson County, as of June 30, 2009, and the respective changes in cash balances thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2009, on our consideration of Johnson 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 should be considered in assessing the results of our audit.

The budgetary comparison information is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The County has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, nonmajor 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. Such statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole on the basis of accounting described in Note 1.

Signed Original on File

December 7, 2009

Deann Haeffner, CPA
Assistant Deputy Auditor

JOHNSON COUNTY
STATEMENT OF NET ASSETS - CASH BASIS
 June 30, 2009

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 810,904
Investments (Note 1.D)	191,072
TOTAL ASSETS	\$ 1,001,976
 NET ASSETS	
Restricted for:	
Drug Enforcement	\$ 8,681
911 Services	53,757
Other Purposes	3,275
Unrestricted	936,263
TOTAL NET ASSETS	\$ 1,001,976

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

JOHNSON COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended June 30, 2009

Functions:	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Assets
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ (934,431)	\$ 112,323	\$ 24,339	\$ (797,769)
Public Safety	(676,524)	128,627	432,362	(115,535)
Public Works	(2,123,351)	-	650,963	(1,472,388)
Health and Sanitation	(16,914)	-	-	(16,914)
Public Assistance	(13,255)	-	-	(13,255)
Culture and Recreation	(8,135)	-	-	(8,135)
Debt Payments	(63,112)	-	-	(63,112)
Total Governmental Activities	\$ (3,835,722)	\$ 240,950	\$ 1,107,664	(2,487,108)

General Receipts:	
Property Taxes	2,181,536
Grants and Contributions Not Restricted to Specific Programs	358,973
Investment Income	18,739
Miscellaneous	186,530
Total General Receipts	2,745,778
Change in Net Assets	258,670
Net Assets - Beginning	743,306
Net Assets - Ending	\$ 1,001,976

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

JOHNSON COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS

June 30, 2009

	General Fund	Road Fund	Inheritance Fund	Ambulance Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents (Note 1.D)	\$ 110,852	\$ 231,371	\$ 218,292	\$ 142,686	\$ 107,703	\$ 810,904
Investments (Note 1.D)	-	-	191,072	-	-	191,072
TOTAL ASSETS	<u><u>\$ 110,852</u></u>	<u><u>\$ 231,371</u></u>	<u><u>\$ 409,364</u></u>	<u><u>\$ 142,686</u></u>	<u><u>\$ 107,703</u></u>	<u><u>\$ 1,001,976</u></u>
FUND BALANCES						
Unreserved, reported in:						
General fund	\$ 110,852	\$ -	\$ -	\$ -	\$ -	\$ 110,852
Special revenue funds	-	231,371	409,364	142,686	107,703	891,124
TOTAL CASH BASIS FUND BALANCES	<u><u>\$ 110,852</u></u>	<u><u>\$ 231,371</u></u>	<u><u>\$ 409,364</u></u>	<u><u>\$ 142,686</u></u>	<u><u>\$ 107,703</u></u>	<u><u>\$ 1,001,976</u></u>

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

JOHNSON COUNTY
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	General Fund	Road Fund	Inheritance Fund	Ambulance Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS						
Property Taxes	\$1,903,944	\$ -	\$ 229,629	\$ -	\$ 47,963	\$ 2,181,536
Licenses and Permits	18,993	-	-	-	-	18,993
Interest	18,739	-	-	-	-	18,739
Intergovernmental	270,073	1,182,469	-	173	13,922	1,466,637
Charges for Services	169,423	-	-	69,827	1,700	240,950
Miscellaneous	13,635	141,224	12,080	298	300	167,537
TOTAL RECEIPTS	<u>2,394,807</u>	<u>1,323,693</u>	<u>241,709</u>	<u>70,298</u>	<u>63,885</u>	<u>4,094,392</u>
DISBURSEMENTS						
General Government	842,644	-	72,648	-	19,139	934,431
Public Safety	604,915	-	-	39,714	31,895	676,524
Public Works	4,895	2,116,777	-	-	1,679	2,123,351
Health and Sanitation	16,914	-	-	-	-	16,914
Public Assistance	13,255	-	-	-	-	13,255
Culture and Recreation	-	-	-	-	8,135	8,135
Debt Service:						
Principal Payments	55,000	-	-	-	-	55,000
Interest and Fiscal Charges	8,112	-	-	-	-	8,112
TOTAL DISBURSEMENTS	<u>1,545,735</u>	<u>2,116,777</u>	<u>72,648</u>	<u>39,714</u>	<u>60,848</u>	<u>3,835,722</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>849,072</u>	<u>(793,084)</u>	<u>169,061</u>	<u>30,584</u>	<u>3,037</u>	<u>258,670</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	28,905	1,074,495	112,000	-	4,716	1,220,116
Transfers out	(986,211)	(85,000)	(147,000)	-	(1,905)	(1,220,116)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(957,306)</u>	<u>989,495</u>	<u>(35,000)</u>	<u>-</u>	<u>2,811</u>	<u>-</u>
Net Change in Fund Balances	(108,234)	196,411	134,061	30,584	5,848	258,670
CASH BASIS FUND BALANCES - BEGINNING	<u>219,086</u>	<u>34,960</u>	<u>275,303</u>	<u>112,102</u>	<u>101,855</u>	<u>743,306</u>
CASH BASIS FUND BALANCES - ENDING	<u>\$ 110,852</u>	<u>\$ 231,371</u>	<u>\$ 409,364</u>	<u>\$ 142,686</u>	<u>\$ 107,703</u>	<u>\$ 1,001,976</u>

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

JOHNSON COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - CASH BASIS
FIDUCIARY FUNDS
 June 30, 2009

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 417,779
 LIABILITIES	
Due to other governments	
State	43,715
Schools	60,378
Educational Service Units	1,678
Technical College	3,005
Natural Resource Districts	1,795
Fire Districts	2,892
Municipalities	13,726
Agricultural Society	526
Hospital Bond	287,443
Others	2,621
TOTAL LIABILITIES	417,779
 TOTAL NET ASSETS	 \$ -

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

JOHNSON COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2009

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

Johnson 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 elected 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, and other organizations which are fiscally dependent on the County, or the significance of their relationship with the County is 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 Johnson 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 Health and Human Services System 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. The 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

JOHNSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

County contributed \$16,095 toward the operation of the Region during fiscal year 2009. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Health and Human Services System 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 Southeast District Health Department to provide public health services. Agreements were established under authority of the Interlocal Cooperation Act for services to be provided per State Statutes 71-1626 to 71-1636.

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. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is required to be audited annually in accordance with State Statute 84-304. Financial information for the Department is available in that report.

B. Basis of Presentation

Government-wide Financial Statements. The Statement of Net Assets - 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 have not been eliminated. Governmental GAAP would require internal activity to be eliminated to minimize double counting. The County reports governmental activities only. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. The County is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct disbursement of a given function or segment is offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as general receipts.

JOHNSON 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 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.

Inheritance Fund. This fund is used to account for the revenues generated from inheritance taxes.

Ambulance Fund. This fund is used to account for the revenues and costs associated with operating the ambulance.

The County reports the following additional fund types:

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

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

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 Assets - Cash Basis and the Statement of Activities - Cash Basis. Revenues are recognized when received and expenditures 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 revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

JOHNSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 require 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, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

D. Assets and Net Assets

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 2003), 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 an expenditure 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.

JOHNSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Restricted Net Assets. 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 assets are reported as restricted when constraints placed on their use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net assets reports \$65,713 of restricted net assets which is restricted by enabling legislation.

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 2003).

At year end, the County's carrying amount of deposits was \$810,904 for County funds and \$417,779 for Fiduciary funds. The bank balances for all funds totaled \$1,272,937. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits as of June 30, 2009, 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 are stated at cost, which approximates market. Investments consisted of \$191,072 deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a seven member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income which 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 participant's 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 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. They may levy taxes in addition to the 50 cent limitation upon a vote of the people.

JOHNSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Property Taxes** (Concluded)

The levy set in October 2008, for the 2008 taxes which will be materially collected in May and September, 2009, was set at \$.464123/\$100 of assessed valuation. The levy set in October 2007, for the 2007 taxes which were materially collected in May and September, 2008, was set at \$.458841/\$100 of assessed valuation. The amount collected for 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. It may be increased by 1% by 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 23-2335 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 20. 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 Neb. Rev. Stat. §§ 23-2307 and 23-2308 (Reissue 2007), and may be amended through legislative action. The employee's and employer's contributions are kept in separate accounts. The employee's account is fully vested. The employer's account is fully vested after three years of participation in the system or credit for participation in another governmental plan prior to actual contribution to the Plan. Prior service benefits are paid directly by the County to the retired employee.

A supplemental retirement plan was established on January 1, 2003, for the benefit of all present and future commissioned law enforcement personnel employed by the County. Employees contribute 1% of their salary and the County contributes an amount equal to 100% of the employee's contribution. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings.

JOHNSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

For the year ended June 30, 2009, 41 employees contributed \$42,686; the County contributed \$64,030. Additionally, for the year ended June 30, 2009, 7 law enforcement employees and the County contributed \$1,358 in cash contributions for the supplemental law enforcement plan. Lastly, the County paid \$672 directly to 4 retired employees for prior service benefits.

5. **Risk Management**

The County is exposed to various risks of loss related to 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 78 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 is otherwise unable to discharge its legal liabilities and other 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, shall be sent to each county in writing, and each county shall thereafter have sixty (60) days in which to pay the amount of such assessment. Each county shall remain liable for such assessments, regardless of such county's withdrawal from participation or the termination of the agreement, and for liabilities of the Pool incurred during such county's period of membership.

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

	NIRMA Coverage	Maximum Coverage
General Liability Claim	\$ 300,000	\$ 5,000,000
Worker's Compensation Claim	\$ 350,000	Statutory Limits
Property Damage Claim	\$ 250,000	Insured Value at Replacement Cost

JOHNSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. **Risk Management** (Concluded)

The County has not paid any additional assessments to the Pool in the last three fiscal years and no assessments are anticipated for fiscal year 2010. 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, 2009, consisted of the following:

<u>Transfers to</u>	Transfers from				Total
	General Fund	Inheritance Fund	Road Fund	Nonmajor Funds	
Road Fund	\$ 954,495	\$ 120,000	\$ -	\$ -	\$ 1,074,495
Inheritance Fund	27,000	-	85,000	-	112,000
General Fund	-	27,000	-	1,905	28,905
Nonmajor Funds	4,716	-	-	-	4,716
Total	\$ 986,211	\$ 147,000	\$ 85,000	\$ 1,905	\$ 1,220,116

Transfers are used to move unrestricted revenues 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, 2009, the County made a one-time transfer of \$85,000 from the Road Fund to the Inheritance Fund to repay an earlier loan from the Inheritance Fund.

7. **Capital Leases Payable**

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

	Volvo Motorgrader	Sterling Tractor	Total
Balance July 1, 2008	\$ 55,071	\$ 14,474	\$ 69,545
Payments	17,577	14,474	32,051
Purchases	-	-	-
Balance June 30, 2009	\$ 37,494	\$ -	\$ 37,494

JOHNSON COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

7. **Capital Leases Payable** (Concluded)

Future Payments:	
	Volvo
Year	<u>Motorgrader</u>
2010	19,666
2011	19,666
Total Payments	<u>39,332</u>
Less Interest	<u>1,838</u>
Present Value of Future Minimum Lease Payments	<u>\$ 37,494</u>
Carrying Value of the related Fixed asset	<u>\$ 110,576</u>

8. **Contingent Liabilities**

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

9. **Long Term Debt**

Courthouse Building Bond

The County issued Limited Tax Courthouse Building Bonds in February 2001 in the amount of \$510,000. Interest is payable semi-annually on February 22 and August 22 at a rate range of 4.45% to 4.7%. The bond payable balance as of June 30, 2009, was \$120,000. Future tax resources will be used to pay off the bonds.

Future Payments:			
Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 60,000	\$ 5,610	\$ 65,610
2011	60,000	2,820	62,820
Total Payments	<u>\$ 120,000</u>	<u>\$ 8,430</u>	<u>\$ 128,430</u>

Hospital Bond

In June 2009 the County issued \$1,830,000 of General Obligation Refunding Bonds, Series 2009 for the purpose of refunding the General Obligation Hospital Bond, Series 2003 which were issued for the purpose of paying the costs of additions, renovations, and equipment for the Hospital to primarily provide enhanced outpatient services. The Series 2009 Bonds are payable in annual installments of \$155,000 to \$190,000 from 2010 to 2019 and \$80,000 in 2020. Interest rates on the Bonds vary from 1% to 3.75%. As the bonds are general obligation bonds of the County, the County has authority to levy additional ad valorem taxes, if necessary, to make the required principal and interest payments on the bonds in the event the Hospital cannot meet the debt service obligation. No additional taxes were levied in 2008 or 2009. Full disclosure of the liability can be found in the separately issued Hospital audit report.

JOHNSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 2,049,207	\$ 2,049,207	\$ 1,903,944	\$ (145,263)
Licenses and Permits	19,060	19,060	18,993	(67)
Interest	32,000	32,000	18,739	(13,261)
Intergovernmental	211,206	211,206	270,073	58,867
Charges for Services	186,475	186,475	169,423	(17,052)
Miscellaneous	4,200	4,200	13,635	9,435
TOTAL RECEIPTS	<u>2,502,148</u>	<u>2,502,148</u>	<u>2,394,807</u>	<u>(107,341)</u>
DISBURSEMENTS				
General Government:				
County Board	42,300	42,300	41,542	758
County Clerk	76,630	76,630	75,804	826
County Treasurer	69,450	69,450	69,030	420
County Assessor	115,501	115,501	114,346	1,155
Election Commissioner	14,100	14,100	12,832	1,268
Clerk of the District Court	1,700	1,700	1,256	444
County Court System	3,000	3,000	2,318	682
District Judge	11,100	11,100	10,101	999
Public Defender	40,000	40,000	40,000	-
Building and Grounds	29,958	29,958	28,337	1,621
Agricultural Extension Agent	32,770	32,770	29,241	3,529
Miscellaneous	482,956	433,418	417,837	15,581
Public Safety				
County Sheriff	221,030	229,188	229,188	-
County Attorney	77,480	77,480	76,740	740
County Jail	182,420	223,184	223,184	-
Emergency Management	11,700	11,700	8,636	3,064
Child Support Enforcement	12,063	12,063	10,401	1,662
State Correctional Institution	14,000	14,000	9,614	4,386
Miscellaneous	84,128	84,128	47,152	36,976
Public Works				
Noxious Weed Control	4,721	4,895	4,895	-
Public Health				
Miscellaneous	16,375	16,375	16,914	(539)

(Continued)

JOHNSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DISBURSEMENTS, Concluded				
Public Assistance				
Veterans' Service Officer	9,813	10,255	10,255	-
Miscellaneous	5,397	5,397	3,000	2,397
Debt Service				
Principal	55,000	55,000	55,000	-
Interest	8,113	8,113	8,112	1
TOTAL DISBURSEMENTS	<u>1,621,705</u>	<u>1,621,705</u>	<u>1,545,735</u>	<u>75,970</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>880,443</u>	<u>880,443</u>	<u>849,072</u>	<u>(31,371)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,898	1,898	28,905	27,007
Transfers out	(977,647)	(977,647)	(986,211)	(8,564)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(975,749)</u>	<u>(975,749)</u>	<u>(957,306)</u>	<u>18,443</u>
Net Change in Fund Balance	(95,306)	(95,306)	(108,234)	(12,928)
FUND BALANCES - BEGINNING	215,306	215,306	219,086	3,780
FUND BALANCES - ENDING	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ 110,852</u>	<u>\$ (9,148)</u>

(Concluded)

JOHNSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 1,015,565	\$ 1,015,565	\$ 1,182,469	\$ 166,904
Miscellaneous	200,000	200,000	141,224	(58,776)
TOTAL RECEIPTS	1,215,565	1,215,565	1,323,693	108,128
DISBURSEMENTS	2,158,456	2,158,456	2,116,777	41,679
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(942,891)	(942,891)	(793,084)	149,807
OTHER FINANCING SOURCES (USES)				
Transfers in	1,007,931	1,007,931	1,074,495	66,564
Transfers out	-	-	(85,000)	(85,000)
TOTAL OTHER FINANCING SOURCES (USES)	1,007,931	1,007,931	989,495	(18,436)
Net Change in Fund Balance	65,040	65,040	196,411	131,371
FUND BALANCE - BEGINNING	34,960	34,960	34,960	-
FUND BALANCE - ENDING	\$ 100,000	\$ 100,000	\$ 231,371	\$ 131,371
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 75,500	\$ 75,500	\$ 229,629	\$ 154,129
Miscellaneous	-	-	12,080	12,080
TOTAL RECEIPTS	75,500	75,500	241,709	166,209
DISBURSEMENTS	295,803	295,803	72,648	223,155
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(220,303)	(220,303)	169,061	389,364
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	112,000	112,000
Transfers out	(55,000)	(55,000)	(147,000)	(92,000)
TOTAL OTHER FINANCING SOURCES (USES)	(55,000)	(55,000)	(35,000)	20,000
Net Change in Fund Balance	(275,303)	(275,303)	134,061	409,364
FUND BALANCE - BEGINNING	275,303	275,303	275,303	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 409,364	\$ 409,364

(Continued)

JOHNSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
AMBULANCE FUND				
RECEIPTS				
Intergovernmental	\$ -	\$ -	\$ 173	\$ 173
Charges for Services	70,000	70,000	69,827	(173)
Miscellaneous	-	-	298	298
TOTAL RECEIPTS	<u>70,000</u>	<u>70,000</u>	<u>70,298</u>	<u>298</u>
DISBURSEMENTS	<u>202,102</u>	<u>202,102</u>	<u>39,714</u>	<u>162,388</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(132,102)</u>	<u>(132,102)</u>	<u>30,584</u>	<u>162,686</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	20,000	20,000	-	(20,000)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>
Net Change in Fund Balance	(112,102)	(112,102)	30,584	142,686
FUND BALANCE - BEGINNING	<u>112,102</u>	<u>112,102</u>	<u>112,102</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,686</u>	<u>\$ 142,686</u>

(Concluded)

JOHNSON COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2009

BUDGETARY COMPARISON SCHEDULES

GAAP Requirements

Generally Accepted Accounting Principles (GAAP) requires budgetary comparison schedules for the General Fund, and for each major special revenue fund that has a legally adopted annual budget. GAAP further requires the budgetary comparison schedules to include the *original budget* and *final budget* amounts. The *original budget* is the first complete appropriated budget adjusted by reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes *before* the beginning of the fiscal year. The original budget would also include actual appropriation amounts automatically carried over from prior years when required by law. The *final budget* is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year as approved by the County Board or otherwise legally authorized.

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 revenues which have actually been 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 revenue 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 shall adopt the budget and appropriate 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 expenditures of any fund, an additional public hearing be held. The legal level of budgetary control for the General Fund is at the function level, and the special revenue fund types are at the fund level. The County Board is also authorized to budget for the transfer of money between County funds.

Excess of Expenditures Over Appropriations

For the year ended June 30, 2009, expenditures exceeded budgeted appropriations in the Road Fund by \$43,321. These over-expenditures were funded by a temporary transfer from the Inheritance Fund of \$85,000.

JOHNSON COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	Economic Development Fund	Medical Relief Fund	Institutions Fund	Veterans' Aid Fund	Visitor Promotion Fund	STOP Program Fund	Drug Law Enforcement Fund	Weed Fund	Courthouse Fund	911 Fund	Total Nonmajor Governmental Funds
RECEIPTS											
Property Taxes	\$ -	\$ -	\$ 7	\$ -	\$ 6,951	\$ -	\$ -	\$ -	\$ 132	\$ 40,873	\$ 47,963
Intergovernmental	-	153	-	-	-	-	-	-	13,769	-	13,922
Charges for Services	-	-	-	-	-	1,700	-	-	-	-	1,700
Miscellaneous	-	-	-	-	-	-	-	-	300	-	300
TOTAL RECEIPTS	-	153	7	-	6,951	1,700	-	-	14,201	40,873	63,885
DISBURSEMENTS											
General Government	-	-	-	-	-	-	-	-	19,139	-	19,139
Public Safety	-	-	-	-	-	7,467	480	-	-	23,948	31,895
Public Works	-	-	-	-	-	-	-	1,679	-	-	1,679
Culture and Recreation	1,035	-	-	-	7,100	-	-	-	-	-	8,135
TOTAL DISBURSEMENTS	1,035	-	-	-	7,100	7,467	480	1,679	19,139	23,948	60,848
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(1,035)	153	7	-	(149)	(5,767)	(480)	(1,679)	(4,938)	16,925	3,037
OTHER FINANCING SOURCES (USES)											
Transfers in	-	-	-	3,646	-	-	-	1,070	-	-	4,716
Transfers out	-	-	(1,905)	-	-	-	-	-	-	-	(1,905)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(1,905)	3,646	-	-	-	1,070	-	-	2,811
Net Change in Fund Balances	(1,035)	153	(1,898)	3,646	(149)	(5,767)	(480)	(609)	(4,938)	16,925	5,848
FUND BALANCES - BEGINNING	14,970	4,955	1,898	3,354	3,424	9,597	9,161	609	17,055	36,832	101,855
FUND BALANCES - ENDING	\$ 13,935	\$ 5,108	\$ -	\$ 7,000	\$ 3,275	\$ 3,830	\$ 8,681	\$ -	\$ 12,117	\$ 53,757	\$ 107,703

JOHNSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>ECONOMIC DEVELOPMENT FUND</u>				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	14,970	14,970	1,035	13,935
Net Change in Fund Balance	(14,970)	(14,970)	(1,035)	13,935
FUND BALANCE - BEGINNING	14,970	14,970	14,970	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,935</u>	<u>\$ 13,935</u>
<u>MEDICAL RELIEF FUND</u>				
RECEIPTS				
Intergovernmental	\$ -	\$ -	\$ 153	\$ 153
TOTAL RECEIPTS	<u>-</u>	<u>-</u>	<u>153</u>	<u>153</u>
DISBURSEMENTS	4,955	4,955	-	4,955
Net Change in Fund Balance	(4,955)	(4,955)	153	5,108
FUND BALANCE - BEGINNING	4,955	4,955	4,955	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,108</u>	<u>\$ 5,108</u>
<u>INSTITUTIONS FUND</u>				
RECEIPTS				
Taxes	\$ -	\$ -	\$ 7	\$ 7
TOTAL RECEIPTS	<u>-</u>	<u>-</u>	<u>7</u>	<u>7</u>
DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(1,898)	(1,898)	(1,905)	(7)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,898)</u>	<u>(1,898)</u>	<u>(1,905)</u>	<u>(7)</u>
Net Change in Fund Balance	(1,898)	(1,898)	(1,898)	-
FUND BALANCE - BEGINNING	1,898	1,898	1,898	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

JOHNSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>VETERANS' AID FUND</u>				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	7,000	7,000	-	7,000
OTHER FINANCING SOURCES (USES)				
Transfers in	3,646	3,646	3,646	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	3,646	3,646	3,646	-
Net Change in Fund Balance	(3,354)	(3,354)	3,646	7,000
FUND BALANCE - BEGINNING	3,354	3,354	3,354	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,000</u>	<u>\$ 7,000</u>
<u>VISITOR PROMOTION FUND</u>				
RECEIPTS				
Taxes	\$ 7,000	\$ 7,000	\$ 6,951	\$ (49)
TOTAL RECEIPTS	7,000	7,000	6,951	(49)
DISBURSEMENTS	10,424	10,424	7,100	3,324
Net Change in Fund Balance	(3,424)	(3,424)	(149)	3,275
FUND BALANCE - BEGINNING	3,424	3,424	3,424	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,275</u>	<u>\$ 3,275</u>
<u>STOP PROGRAM FUND</u>				
RECEIPTS				
Charges for Services	\$ 1,500	\$ 1,500	\$ 1,700	\$ 200
TOTAL RECEIPTS	1,500	1,500	1,700	200
DISBURSEMENTS	11,097	11,097	7,467	3,630
Net Change in Fund Balance	(9,597)	(9,597)	(5,767)	3,830
FUND BALANCE - BEGINNING	9,597	9,597	9,597	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,830</u>	<u>\$ 3,830</u>

(Continued)

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

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>DRUG LAW ENFORCEMENT FUND</u>				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	9,161	9,161	480	8,681
Net Change in Fund Balance	(9,161)	(9,161)	(480)	8,681
FUND BALANCE - BEGINNING	9,161	9,161	9,161	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,681</u>	<u>\$ 8,681</u>
<u>WEED FUND</u>				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	1,679	1,679	1,679	-
OTHER FINANCING SOURCES (USES)				
Transfers in	1,070	1,070	1,070	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,070</u>	<u>1,070</u>	<u>1,070</u>	<u>-</u>
Net Change in Fund Balance	(609)	(609)	(609)	-
FUND BALANCE - BEGINNING	609	609	609	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>COURTHOUSE FUND</u>				
RECEIPTS				
Taxes	\$ -	\$ -	\$ 132	\$ 132
Intergovernmental	19,770	19,770	13,769	(6,001)
Miscellaneous	-	-	300	300
TOTAL RECEIPTS	<u>19,770</u>	<u>19,770</u>	<u>14,201</u>	<u>(5,569)</u>
DISBURSEMENTS	36,825	36,825	19,139	17,686
Net Change in Fund Balance	(17,055)	(17,055)	(4,938)	12,117
FUND BALANCE - BEGINNING	17,055	17,055	17,055	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,117</u>	<u>\$ 12,117</u>

(Continued)

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

For the Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
911 FUND				
RECEIPTS				
Taxes	\$ 40,000	\$ 40,000	\$ 40,873	\$ 873
TOTAL RECEIPTS	<u>40,000</u>	<u>40,000</u>	<u>40,873</u>	<u>873</u>
 DISBURSEMENTS	 <u>76,832</u>	 <u>76,832</u>	 <u>23,948</u>	 <u>52,884</u>
Net Change in Fund Balance	(36,832)	(36,832)	16,925	53,757
FUND BALANCE - BEGINNING	<u>36,832</u>	<u>36,832</u>	<u>36,832</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,757</u>	<u>\$ 53,757</u>
				(Concluded)

JOHNSON COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2009

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Highway Superintendent	Veterans' Service Officer	County Ambulance	Total
BALANCE JULY 1, 2008	\$ 5,526	\$ 7,307	\$ 29,883	\$ 750	\$ 19,814	\$ 14,785	\$ 22,644	\$ 100,709
RECEIPTS								
Licenses and Permits	435	-	405	-	-	-	-	840
Intergovernmental	-	-	-	-	87,095	-	-	87,095
Charges for Services	22,808	7,554	13,796	1,390	-	-	76,730	122,278
Miscellaneous	320	-	8,586	6	74,237	406	-	83,555
State Fees	25,027	14,829	-	-	-	-	-	39,856
Other Liabilities	-	78,821	109,932	23,468	-	-	-	212,221
TOTAL RECEIPTS	48,590	101,204	132,719	24,864	161,332	406	76,730	545,845
DISBURSEMENTS								
Payments to County Treasurer	22,858	8,129	4,651	1,396	180,088	-	69,827	286,949
Payments to State Treasurer	24,322	17,119	-	-	-	-	-	41,441
Other Liabilities	320	64,845	115,300	23,357	78	1,500	-	205,400
TOTAL DISBURSEMENTS	47,500	90,093	119,951	24,753	180,166	1,500	69,827	533,790
BALANCE JUNE 30, 2009	<u>\$ 6,616</u>	<u>\$ 18,418</u>	<u>\$ 42,651</u>	<u>\$ 861</u>	<u>\$ 980</u>	<u>\$ 13,691</u>	<u>\$ 29,547</u>	<u>\$ 112,764</u>
BALANCE CONSISTS OF:								
Due to County Treasurer	\$ 2,286	\$ 472	\$ 41,848	\$ 1	\$ 930	\$ 13,691	\$ 29,547	\$ 88,775
Petty Cash	1,500	-	100	500	50	-	-	2,150
Due to State Treasurer	2,830	439	-	-	-	-	-	3,269
Due to Others	-	17,507	703	360	-	-	-	18,570
BALANCE JUNE 30, 2009	<u>\$ 6,616</u>	<u>\$ 18,418</u>	<u>\$ 42,651</u>	<u>\$ 861</u>	<u>\$ 980</u>	<u>\$ 13,691</u>	<u>\$ 29,547</u>	<u>\$ 112,764</u>

JOHNSON COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED FOR
ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2009

Item	2004	2005	2006	2007	2008
Tax Certified by Assessor					
Real Estate	\$ 5,611,676	\$ 6,299,972	\$ 6,757,224	\$ 6,640,400	\$ 6,805,611
Personal and Specials	488,049	567,121	598,412	564,297	590,146
Total	6,099,725	6,867,093	7,355,636	7,204,697	7,395,757
Corrections					
Additions	6,159	2,739	667	750	879
Deductions	(6,096)	(904)	(599)	(2,704)	(3)
Net Additions/ (Deductions)	63	1,835	68	(1,954)	876
Corrected Certified Tax	6,099,788	6,868,928	7,355,704	7,202,743	7,396,633
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2005	3,296,965	-	-	-	-
June 30, 2006	2,787,056	3,688,962	-	-	-
June 30, 2007	11,602	3,165,504	3,927,512	-	-
June 30, 2008	3,624	7,783	3,415,580	3,942,585	-
June 30, 2009	(409)	2,791	6,617	3,243,418	4,101,155
Total Net Collections	6,098,838	6,865,040	7,349,709	7,186,003	4,101,155
Total Uncollected Tax	\$ 950	\$ 3,888	\$ 5,995	\$ 16,740	\$ 3,295,478
Percentage Uncollected Tax	0.02%	0.06%	0.08%	0.23%	44.55%



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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JOHNSON COUNTY
**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
Johnson County, Nebraska

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Johnson County as of and for the year ended June 30, 2009, and have issued our report thereon dated December 7, 2009. The report notes the financial statements were prepared on the basis of cash receipts and disbursements and does not include the financial data of the Johnson County Hospital, a component unit of Johnson County. Except as noted above, 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Johnson County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Johnson County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record,

process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control over financial reporting:

1. The County offices had a lack of segregation of duties since one person could handle all aspects of processing a transaction from beginning to end. Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. Due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost.
2. The County Sheriff's office had a lack of adequate accounting procedures which resulted in funds of \$31,242 which could not be accounted for. Money was not deposited or remitted to the County Treasurer in a timely manner and accounting records did not support accounts payable and accounts receivable.

Sheriff's Response: A part time bookkeeper has been hired to make deposits, issue checks and handle all bookkeeping procedures through the use of Quick Books. All receipts are entered and proven with a corresponding deposit. Bank reconciliations and reports of all money received and paid out are now being handled through Quick Books. A report is delivered to the Sheriff monthly and to the County Board quarterly.

All Sheriff's Fees are receipted by the dispatcher and place in the safe. A deposit is made at least twice a week by the bookkeeper (more often if a large amount of cash has been receipted).

The office personnel are in the process of getting the civil process accounting entered in Quick Books from start to finish, showing a report of amounts received and amounts still owed. All checks received will be receipted and deposited timely.

All monies owed to the County Treasurer are being remitted monthly.

Petty cash will be reconciled monthly for accounting purposes.

All money received is being receipted by one individual (either the dispatcher or one of the office personnel) and deposited by the bookkeeper. The bookkeeper enters all transactions and generates all reports and reconciliations.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider Number 1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Johnson 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*.

We noted certain matters that we reported to management of Johnson County in a separate letter dated December 7, 2009.

Johnson County's response to the findings identified in our audit are described above. We did not audit Johnson County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the County Board, others within the entity, the State Legislature, the appropriate Federal and regulatory agencies, and citizens of the State of Nebraska, and is not intended to be and should not be used by anyone other than these specified parties.

Signed Original on File

December 7, 2009

Deann Haeffner, CPA
Assistant Deputy Auditor



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December 7, 2009

Board of Commissioners
Johnson County, Nebraska

Dear Commissioners:

We have audited the basic financial statements of Johnson County (County) for the fiscal year ended June 30, 2009, and have issued our report thereon dated December 7, 2009. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

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

COUNTY OVERALL

Segregation of Duties

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

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

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

COUNTY SHERIFF

Accounting Procedures

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

Per Neb. Rev. Stat. § 33-117 (Reissue 2008) the County Sheriff is required to remit all fees earned to the County Treasurer on a quarterly basis as well as make a report to the County Board of all fees earned and collected.

During the audit, the following was noted:

- During the time period of January 1, 2008, through April 30, 2009, a total of \$31,242 almost exclusively in cash was received by the County Sheriff's office but not deposited to the bank. This represents a shortage of funds which cannot be located by the County Sheriff.
- The County Sheriff did not deposit funds to the bank timely throughout the year. There is an average of \$10,000 per month collected by the County Sheriff, the majority of this being cash receipts for bonds. We noted various months where there was no deposit, or only one or two deposits were made, with the longest period of time between deposits being two months from July 2, 2008, until September 5, 2008.
- The receipt book for May – July 2008 could not be located, as a result there was no support for funds received during that time period. We were able to identify several of the amounts received from other resources in the County Sheriff's office, but 21 receipts could not be identified, which may increase the shortage of funds.
- We noted two bonds received by the County Sheriff's office where receipts were not written.
- The County Sheriff did not remit fees earned to the County Treasurer on a quarterly basis as required by State Statute.
- The County Sheriff made no reports of fees earned and collected to the County Board during fiscal year 2009.
- The County Sheriff could not provide support for accounts receivable and accounts payable as of June 30, 2009.
- During a cash count on May 12, 2009, all 11 checks on hand were not restrictively endorsed.
- The petty cash on hand did not reconcile to the authorized amount.
 - Per the County Budget Message the County Sheriff had an authorized petty cash fund of \$300. Per the County Sheriff, the petty cash fund maintained was \$100.
 - During a cash count performed on May 12, 2009, the petty cash fund reconciled to \$109.57.
 - During a cash count performed on November 4, 2009, the petty cash fund reconciled to \$98.63.

- At the time of the cash count on November 4, 2009, the County Sheriff's staff did not present all checks to the auditor. Copies of these checks, which were on hand at the time of the cash count, were given to the auditor on November 10, 2009, with staff indicating they were not aware the checks were on hand at the time of the cash count on November 4, 2009.

Failure to determine asset-to-liability balancing variances along with inadequate procedures to ensure all money is properly recorded and accounted for can result in an increased risk of loss, theft, or misuse of funds and allows errors to more easily go undetected. The issues noted above have been forwarded to the Attorney General for consideration.

We recommend the County Sheriff implement documented monthly balancing procedures, including the timely depositing of money, remittances to the County Treasurer, and follow up on any unexplained variances. Additionally, procedures should be put in place to adequately control and record all money received and account for petty cash funds authorized. We further recommend the County Sheriff maintain all receipt books on hand and report to the County Board all fees earned and collected. We recommend the County Board follow up to recover the missing funds from the County's insurance policy or the County Sheriff personally.

Sheriff's Response: A part time bookkeeper has been hired to make deposits, issue checks and handle all bookkeeping procedures through the use of Quick Books. All receipts are entered and proven with a corresponding deposit. Bank reconciliations and reports of all money received and paid out are now being handled through Quick Books. A report is delivered to the Sheriff monthly and to the County Board quarterly.

All Sheriff's Fees are receipted by the dispatcher and place in the safe. A deposit is made at least twice a week by the bookkeeper (more often if a large amount of cash has been receipted).

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Distress Warrants

Per Neb. Rev. Stat. § 77-1719 (Reissue 2003) all distress warrants returned by the County Sheriff to the County Treasurer shall bear an endorsement of the County Sheriff indicating them as either collected, no property could be located, or that the taxpayer had filed an affidavit of poverty.

We noted all 4 uncollected distress warrants returned by the County Sheriff were not endorsed indicating the reason the taxes were not collected. Failure to endorse all distress warrants results in noncompliance with State Statutes.

We recommend the County Sheriff endorse all distress warrants before returning them to the County Treasurer.

COUNTY BOARD

Publishing of Board Minutes

Neb. Rev. Stat. § 23-122 (Reissue 2007) requires the County Board to publish within ten working days after the close of a meeting a brief statement of the proceedings thereof.

During our audit, we noted 6 of the 21 County Board meetings tested were not published within ten working days after the close of the meeting. This results in the public not being made aware of proceedings in the time prescribed by statute.

We recommend the County Board insure County Board meeting proceedings are published within ten working days of the close of the meeting.

Authorized Petty Cash Amounts

Neb. Rev. Stat. § 23-106 (Reissue 2007) requires when the County Board establishes a petty cash fund, such amount be stated in the fiscal policy of the County Board budget message.

During our audit, we noted the amount stated in the budget message for authorized petty cash amounts did not agree to the amounts being maintained at the various offices.

- County Treasurer maintains a \$4,000 petty cash, but budget message states \$4,500
- County Attorney maintains a \$500 petty cash, but budget message states \$4,000
- County Sheriff maintains a \$100 petty cash, but budget message states \$300

When the budget message does not reflect the correct authorized petty cash amounts, the public is not notified of the approved petty cash amounts available to officials.

We recommend the County Board review the petty cash amounts authorized and reconcile the amount authorized to the amounts maintained to ensure they agree.

Inventory Policy

Good accounting procedures require standardized procedures be established to ensure all offices use the same guidelines when filing an inventory statement of the personal property in the possession of the officer.

During our audit, we noted the County Board had not established a policy for all officers to follow when completing the annual inventory statements. A lack of guidance for completing the inventory statements resulted in supply type items with immaterial costs being included on the inventory statements. Without a policy being established by the County Board, an accurate accounting of Johnson County's personal property is not maintained.

We recommend the County Board establish an inventory policy to be used by County officers when completing their annual inventory statements.

CLERK OF THE DISTRICT COURT

Unclaimed Property

Neb. Rev. Stat. § 69-1307.01 (Reissue 2003) states that personal property held by public entities or political subdivisions which remained unclaimed for more than three years is presumed abandoned. Neb. Rev. Stat. § 69-1310 (Reissue 2003) requires such items be reported to the Nebraska State Treasurer before November 1st of each year as of June 30 next proceeding.

During our audit, we noted three outstanding checks for a total of \$160, and two trust balances totaling \$130 which remained unclaimed for more than three years. These amounts were not remitted to the State Treasurer before November 1st.

We recommend all personal property which remains unclaimed for more than three years be remitted to the State Treasurer in accordance with the Unclaimed Property Act.

Monthly Report

Neb. Rev. Stat. § 33-106.02 (Reissue 2008) states the Clerk of the District Court shall on or before the fifteenth day of each month make a report to the County Board, under oath, showing the different items of fees, revenue or receipts received since the last report, and the amount received for the current year.

We noted the Clerk of the District Court did not file a monthly report with the County Board outlining the receipts received. When such report is not filed, the County Board is not made aware of the financial activity of the Clerk of the District Court's office.

We recommend the Clerk of the District Court make a monthly report to the County Board of amounts received.

COUNTY CLERK

Certification of Unpaid Claims

Neb. Rev. Stat. § 23-1302 (Reissue 2007) which outlines the duties of the County Clerk states, in part, "...the county clerk shall certify to the county treasurer as of June 15 and December 15 of each year the total amount of unpaid claims of the county..."

Unpaid claims as of December 15, 2008, and June 15, 2009, were not certified to the County Treasurer. When the amount of unpaid claims is not certified by the County Clerk in compliance with State Statute, the County Treasurer does not have complete information on file regarding the finances of the County.

We recommend the County Clerk comply with statute by certifying to the County Treasurer the amount of unpaid claims.

COUNTY HIGHWAY DEPARTMENT

Timeliness of Deposits

Good internal control requires money received be deposited with the County Treasurer in a timely manner.

During our audit we noted three receipts totaling \$14,384 were not deposited with the County Treasurer in a timely manner. The time between receipt and deposit ranged from 30 to 49 days. When receipts are not deposited timely, there is an increased risk of error or abuse.

We recommend the County Highway Department deposit receipts with the County Treasurer within one to two days after receiving them.

COUNTY VETERANS' SERVICE OFFICER

Investments

Neb. Rev. Stat. § 77-2315 (Reissue 2003) states the County Treasurer may invest the County money in certificates of deposit. Attorney General Opinion Number 98028 states that "neither the veterans service committee nor the veterans service officer has authority to invest those funds in certificates of deposit or otherwise. That responsibility for county funds rests with the county treasurer."

During our audit we noted the County Veterans' Service Officer controlled two certificates of deposit totaling \$11,955 as of June 30, 2009. The certificates of deposit were invested for a 19 month period. This indicates the County Veterans' Service Officer had more than sufficient funds available in the checking account to pay for veterans' needs.

We recommend the County Veterans' Service Officer turn excess funds over to the County Treasurer for investment.

It should be noted this report is critical in nature since 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 them 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 have been objectively evaluated and recognized, as appropriate, in the report. Responses that indicate corrective action has been taken were not verified at this time, but will be verified in the next audit.

We appreciate the cooperation and courtesy extended to our auditors during the course of the audit.

This report is intended solely for the information and use of the County, the appropriate Federal and regulatory agencies, and citizens of the State of Nebraska, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Signed Original on File

Deann Haeffner, CPA
Assistant Deputy Auditor