

**AUDIT REPORT  
OF  
NEMAHA COUNTY**

**JULY 1, 2011 THROUGH JUNE 30, 2012**

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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 April 2, 2013**

NEMAHA COUNTY

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NEMAHA COUNTY

**LIST OF COUNTY OFFICIALS**

At June 30, 2012

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Bob Hutton	Board of Commissioners	Jan. 2015
Marvin Bohling		Jan. 2015
Dennis Wittmann		Jan. 2013
Jana Smith	Assessor	Jan. 2015
Louie Ligouri	Attorney	Jan. 2015
Joyce Oakley	Clerk Election Commissioner Register of Deeds	Jan. 2015
Amy Hector	Clerk of the District Court	Jan. 2015
Brent Lottman	Sheriff	Jan. 2015
Patricia Holtzman	Treasurer	Jan. 2015
Loras Baumhover	Veterans' Service Officer	Appointed
Marvin Palmer	Weed Superintendent	Appointed
Tom Catlett	Surveyor	Appointed



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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### NEMAHA COUNTY

### INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Nemaha County, Nebraska

We have audited the accompanying 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, 2012, which collectively comprise the basic financial statements of the County's primary government, 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 consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly we express no such opinion. 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 generally accepted in the United States of America.

The financial statements referred to above include only the primary government of the 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, as applied to the County's cash basis of accounting, 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 cash basis financial position of the reporting entity of the County as of June 30, 2012, and the changes in its cash basis financial position and its cash flows, where applicable, for the year then ended in conformity with the basis of accounting described in Note 1.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective cash position of the governmental activities, each major fund, and the aggregate remaining fund information for the primary government of Nemaha County, as of June 30, 2012, and the respective changes in cash basis financial position 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 March 27, 2013, 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 should be considered in assessing the results of our audit.

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, 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 information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the 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.

SIGNED ORIGINAL ON FILE

March 27, 2013

Deann Haeffner, CPA  
Assistant Deputy Auditor

NEMAHA COUNTY  
**STATEMENT OF NET ASSETS - CASH BASIS**

June 30, 2012

		Governmental Activities
<hr/>		
<b>ASSETS</b>		
Cash and Cash Equivalents (Note 1.D)	\$	2,943,121
Investments (Note 1.D)		256
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>2,943,377</b>
<hr/> <hr/>		
<b>NET ASSETS</b>		
Restricted for:		
Visitor Promotion	\$	35,637
911 Emergency Services		71,036
Law Enforcement		760
Debt Service		404,418
Unrestricted		2,431,526
<b>TOTAL NET ASSETS</b>	<b>\$</b>	<b>2,943,377</b>
<hr/> <hr/>		

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, 2012

<b>Functions:</b>	Cash	Program Cash Receipts		Net (Disbursement)
<b>Governmental Activities:</b>	Disbursements	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Receipts and Changes in Net Assets
General Government	\$ (1,303,916)	\$ 272,544	\$ 33,187	\$ (998,185)
Public Safety	(1,283,886)	154,826	206,548	(922,512)
Public Works	(1,870,881)	11,008	804,468	(1,055,405)
Health and Sanitation	(28,286)	-	4,800	(23,486)
Public Assistance	(67,535)	-	5,774	(61,761)
Culture and Recreation	(37,408)	-	-	(37,408)
Debt Payments	(361,940)	-	-	(361,940)
<b>Total Governmental Activities</b>	<b>\$ (4,953,852)</b>	<b>\$ 438,378</b>	<b>\$ 1,054,777</b>	<b>(3,460,697)</b>
General Receipts:				
				3,464,851
				233,933
				13,395
				26,037
				361,940
				136,638
				4,236,794
				776,097
				2,167,280
				\$ 2,943,377

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, 2012

	General Fund	Road Fund	Inheritance Fund	Hospital Bond Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents (Note 1.D)	\$ 569,481	\$ 393,180	\$ 1,076,118	\$ 404,418	\$ 499,924	\$ 2,943,121
Investments (Note 1.D)	256	-	-	-	-	256
<b>TOTAL ASSETS</b>	<b>\$ 569,737</b>	<b>\$ 393,180</b>	<b>\$ 1,076,118</b>	<b>\$ 404,418</b>	<b>\$ 499,924</b>	<b>\$ 2,943,377</b>
 <b>FUND BALANCES</b>						
Restricted for:						
Visitor Promotion	\$ -	\$ -	\$ -	\$ -	\$ 35,637	\$ 35,637
911 Emergency Services	-	-	-	-	71,036	71,036
Law Enforcement	-	-	-	-	760	760
Debt Service	-	-	-	404,418	-	404,418
Committed to:						
Law Enforcement	-	-	-	-	42,491	42,491
Road Maintenance	-	393,180	-	-	200,000	593,180
County Buildings	-	-	-	-	150,000	150,000
Assigned to:						
Other Purposes	-	-	1,076,118	-	-	1,076,118
Unassigned	569,737	-	-	-	-	569,737
<b>TOTAL CASH BASIS FUND BALANCES</b>	<b>\$ 569,737</b>	<b>\$ 393,180</b>	<b>\$ 1,076,118</b>	<b>\$ 404,418</b>	<b>\$ 499,924</b>	<b>\$ 2,943,377</b>

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, 2012

	General Fund	Road Fund	Inheritance Fund	Hospital Bond Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>						
Property Taxes	\$ 2,659,305	\$ 134	\$ 721,962	\$ -	\$ 83,450	\$ 3,464,851
Licenses and Permits	26,037	-	-	-	-	26,037
Interest	13,395	-	-	-	-	13,395
Intergovernmental	338,968	830,917	-	-	118,825	1,288,710
Charges for Services	427,370	11,008	-	-	-	438,378
Miscellaneous	58,911	52,572	-	365,193	21,902	498,578
<b>TOTAL RECEIPTS</b>	<b>3,523,986</b>	<b>894,631</b>	<b>721,962</b>	<b>365,193</b>	<b>224,177</b>	<b>5,729,949</b>
<b>DISBURSEMENTS</b>						
General Government	1,294,329	-	-	5,918	3,669	1,303,916
Public Safety	1,077,340	-	-	-	206,546	1,283,886
Public Works	15,400	1,855,481	-	-	-	1,870,881
Health and Sanitation	28,286	-	-	-	-	28,286
Public Assistance	67,535	-	-	-	-	67,535
Culture and Recreation	-	-	-	-	37,408	37,408
Debt Service:						
Principal Payments	-	-	-	315,391	-	315,391
Interest and Fiscal Charges	-	-	-	46,549	-	46,549
<b>TOTAL DISBURSEMENTS</b>	<b>2,482,890</b>	<b>1,855,481</b>	<b>-</b>	<b>367,858</b>	<b>247,623</b>	<b>4,953,852</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>1,041,096</b>	<b>(960,850)</b>	<b>721,962</b>	<b>(2,665)</b>	<b>(23,446)</b>	<b>776,097</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	155,629	1,079,475	-	-	362,455	1,597,559
Transfers out	(1,139,475)	(100,000)	(350,000)	-	(8,084)	(1,597,559)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(983,846)</b>	<b>979,475</b>	<b>(350,000)</b>	<b>-</b>	<b>354,371</b>	<b>-</b>
Net Change in Fund Balances	57,250	18,625	371,962	(2,665)	330,925	776,097
<b>CASH BASIS FUND BALANCES - BEGINNING</b>	<b>512,487</b>	<b>374,555</b>	<b>704,156</b>	<b>407,083</b>	<b>168,999</b>	<b>2,167,280</b>
<b>CASH BASIS FUND BALANCES - ENDING</b>	<b>\$ 569,737</b>	<b>\$ 393,180</b>	<b>\$ 1,076,118</b>	<b>\$ 404,418</b>	<b>\$ 499,924</b>	<b>\$ 2,943,377</b>

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, 2012

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 894,991
 <b>LIABILITIES</b>	
Due to other governments:	
State	99,386
Schools	665,526
Educational Service Units	3,513
Technical College	5,431
Natural Resource Districts	3,594
Fire Districts	1,996
Municipalities	103,672
Agricultural Society	586
Others	11,287
<b>TOTAL LIABILITIES</b>	<b>894,991</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, 2012

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 which are either fiscally dependent on the County or maintain a significant relationship with the County such that exclusion would be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County.

**Component Unit.** These financial statements present the County (the primary government). The Nemaha County Hospital (Hospital) is a component unit of the County because of the significance of its operational and financial relationships with the County. The financial statements do not include the data of the Hospital necessary for reporting in conformity with generally accepted accounting principles (GAAP). Complete financial statements of the Hospital can be obtained from the Hospital's administrative office.

**Joint Organization.**

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

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of Federal, State, local, and private funding. The

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

County contributed \$25,330 toward the operation of the Region during fiscal year 2012. 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 Southeast District Health Department (Department) to provide public health services. Agreements were established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636 (Reissue 2009, Supp. 2011).

The Department's governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. The County made no contributions toward the operation of the Department during fiscal year 2012. 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 Neb. Rev. Stat. § 84-304(4) (Reissue 2008). 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 were considered immaterial and have not been eliminated. Governmental Generally Accepted Accounting Principles (GAAP) requires internal activity to be eliminated to minimize double counting. The County reports governmental activities only. Governmental activities are generally financed through taxes, intergovernmental receipts, and other nonexchange transactions. The County is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct disbursement of a given function or segment is offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include 1) charges to customers or applicants who purchase, use, or directly benefit from goods,

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 which 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.

**Hospital Bond Fund.** This fund accounts for the resources for, and the payment of, long-term debt principal, interest, and related costs associated with bonds issued for the construction of the hospital renovations.

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.

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

The County designates fund balances as:

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

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

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

**Unassigned.** The portion of the General Fund 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 Assets – 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 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, 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 generally are recorded when a liability is incurred, as under accrual accounting. However, disbursements related to compensated absences and claims and judgments are recorded only when payment is due.

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

**D. Assets and Net 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 2009), and generally include U.S. Government obligations, certificates of deposit, and time deposits and securities, which are authorized by the Nebraska Investment Council.

**Capital Assets.** Under the cash receipts and disbursements basis of accounting, capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as disbursements in governmental funds. GAAP requires capital assets, which would include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) to be reported in the applicable governmental activities columns in the government-wide financial statements.

Depreciation expenses on capital assets were not recorded on the cash basis financial statements. Under GAAP, depreciation expenses would be recorded in the Statement of Activities. The cost of normal maintenance and repairs that does not add to the value of the asset or extend asset life is not capitalized.

**Compensated Absences.** Vested or accumulated vacation leave that is liquidated with expendable available financial resources is reported as a disbursement of the County funds as paid. Upon termination, employees are paid for any unused vacation. Under the receipts and disbursements basis of accounting, the liabilities for compensated absences are not reported since they do not represent liabilities arising from cash transactions. Under GAAP, the compensated absences liability would be reported in the government-wide financial statements and would be recorded in accordance with the County's policy, which is to recognize the expense and accrued liability when vacation and compensatory leave is earned.

**Restricted Net 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 \$511,851 of restricted net assets, of which \$107,433 is restricted by enabling legislation.

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

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

2. **Deposits and Investments**

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

At year end, the County's carrying amount of deposits was \$2,943,121 for County funds and \$894,991 for Fiduciary funds. The bank balances for all funds totaled \$3,808,725. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2012, 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 \$256 deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a seven member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each

NEMAHA COUNTY

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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

participant's account. Net income 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.

The levy set in October 2011, for the 2011 taxes, which will be materially collected in May and September 2012, was set at \$.379343/\$100 of assessed valuation. The levy set in October 2010, for the 2010 taxes, which were materially collected in May and September 2011, was set at \$.376457/\$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 (Reissue 2012) and may be amended through legislative action.

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

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

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

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

For the year ended June 30, 2012, 62 employees contributed \$77,882, and the County contributed \$115,343. Contributions included \$2,956 in cash contributions towards the supplemental law enforcement plan for 8 law enforcement employees. Lastly, the County paid \$309 directly to 4 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 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 otherwise unable to discharge its legal liabilities and obligations, the County may be assessed by the Board for an additional contribution equal to its contribution for the current fiscal year, divided by the contribution of all participants for such year, times the amount of such deficiency. Each such assessment, and the manner of calculating the same, is sent to each county in writing, and each county has sixty days in which to pay the amount of such assessment. Each county remains liable for such assessments, regardless of such county's withdrawal from participation or the termination of the agreement, as well as for liabilities of the Pool incurred during such county's period of membership.

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS  
(Continued)

5. **Risk Management** (Concluded)

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

	NIRMA Coverage	Maximum Coverage
General Liability Claim	\$ 300,000	\$ 5,000,000
Worker's Compensation Claim	\$ 500,000	Statutory Limits
Property Damage Claim	\$ 250,000	Insured Value at Replacement Cost

The County has not paid any additional assessments to the pool in the last three fiscal years, and no assessments are anticipated for fiscal year 2013. 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, 2012, consisted of the following:

<b><u>Transfers to</u></b>	<u>Transfers from</u>				<u>Total</u>
	<u>General Fund</u>	<u>Inheritance Fund</u>	<u>Road Fund</u>	<u>Nonmajor Funds</u>	
General Fund	\$ -	\$ 150,000	\$ -	\$ 5,629	\$ 155,629
Road Fund	979,475	100,000	-	-	1,079,475
Nonmajor Funds	160,000	100,000	100,000	2,455	362,455
Total	<u>\$ 1,139,475</u>	<u>\$ 350,000</u>	<u>\$ 100,000</u>	<u>\$ 8,084</u>	<u>\$ 1,597,559</u>

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

In the year ended June 30, 2012, the County made a one-time transfer of \$5,629 from the Child Support Fund to the General Fund to close out the balance of the Child Support Fund.

NEMAHA COUNTY

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**7. 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.

**8. Long-Term Debt**

**Hospital Bonds.** In January 2004, the County issued General Obligation Hospital and Refunding Bonds in the amount of \$4,735,000 for the purpose of (1) providing payment and redemption of the \$4,440,000 Series 2000 Hospital Bonds, and (2) paying the costs of hospital renovations. As the Bonds are general obligation bonds of the County, the County has the 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. As of June 30, 2012, no additional taxes had been levied by the County. The bond payable balance, as of June 30, 2012, was \$2,505,000. 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>
2013	\$ 275,000	\$ 88,835	\$ 363,835
2014	285,000	79,870	364,870
2015	295,000	70,005	365,005
2016	305,000	59,276	364,276
2017	315,000	47,725	362,725
2018-2020	1,030,000	64,308	1,094,308
Total Payments	<u>\$ 2,505,000</u>	<u>\$ 410,019</u>	<u>\$ 2,915,019</u>

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

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 2,805,546	\$ 2,805,546	\$2,659,305	\$ (146,241)
Licenses and Permits	24,500	24,500	26,037	1,537
Interest	15,100	15,100	13,395	(1,705)
Intergovernmental	343,976	343,976	338,968	(5,008)
Charges for Services	359,584	359,584	427,370	67,786
Miscellaneous	80,400	80,400	58,911	(21,489)
<b>TOTAL RECEIPTS</b>	<b>3,629,106</b>	<b>3,629,106</b>	<b>3,523,986</b>	<b>(105,120)</b>
<b>DISBURSEMENTS</b>				
General Government:				
County Board	80,921	80,921	80,410	511
County Clerk	120,394	120,394	120,197	197
County Treasurer	127,078	127,078	126,393	685
County Assessor	119,987	119,987	118,434	1,553
Election Commissioner	20,380	20,380	20,041	339
Clerk of the District Court	69,664	69,664	64,386	5,278
County Court System	1,575	1,575	1,304	271
District Judge	47,738	47,738	45,498	2,240
Building and Grounds	235,424	235,424	145,077	90,347
Agricultural Extension Agent	62,041	62,041	57,919	4,122
Child Support	27,825	27,825	21,613	6,212
Miscellaneous	756,498	756,498	493,057	263,441
Public Safety:				
County Sheriff	470,943	470,943	443,246	27,697
County Attorney	131,650	133,256	133,256	-
County Jail	469,919	469,919	379,241	90,678
Emergency Management	97,427	97,427	94,666	2,761
Miscellaneous	50,000	50,000	26,931	23,069
Public Works:				
County Surveyor	650	650	608	42
Miscellaneous	14,792	14,792	14,792	-
Public Health:				
Miscellaneous	28,914	28,914	28,286	628
Public Assistance:				
Veterans' Service Officer	38,941	39,793	39,793	-
Institutions	5,000	5,000	2,745	2,255
Relief	16,950	16,950	3,224	13,726
Miscellaneous	83,543	83,543	21,773	61,770
<b>TOTAL DISBURSEMENTS</b>	<b>3,078,254</b>	<b>3,080,712</b>	<b>2,482,890</b>	<b>597,822</b>

(Continued)

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

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	550,852	548,394	1,041,096	492,702
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	155,629	155,629	155,629	-
Transfers out	(1,018,968)	(1,018,968)	(1,139,475)	(120,507)
<b>TOTAL OTHER FINANCING         SOURCES (USES)</b>	(863,339)	(863,339)	(983,846)	(120,507)
Net Change in Fund Balance	(312,487)	(314,945)	57,250	372,195
<b>FUND BALANCE - BEGINNING</b>	512,487	512,487	512,487	-
<b>FUND BALANCE - ENDING</b>	<u>\$ 200,000</u>	<u>\$ 197,542</u>	<u>\$ 569,737</u>	<u>\$ 372,195</u>

(Concluded)

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

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ -	\$ -	\$ 134	\$ 134
Intergovernmental	745,000	745,000	830,917	85,917
Charges for Services	-	-	11,008	11,008
Miscellaneous	2,000	2,000	52,572	50,572
<b>TOTAL RECEIPTS</b>	<u>747,000</u>	<u>747,000</u>	<u>894,631</u>	<u>147,631</u>
<b>DISBURSEMENTS</b>	<u>2,230,523</u>	<u>2,230,523</u>	<u>1,855,481</u>	<u>375,042</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(1,483,523)</u>	<u>(1,483,523)</u>	<u>(960,850)</u>	<u>522,673</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,108,968	1,108,968	1,079,475	(29,493)
Transfers out	-	-	(100,000)	(100,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,108,968</u>	<u>1,108,968</u>	<u>979,475</u>	<u>(129,493)</u>
Net Change in Fund Balance	(374,555)	(374,555)	18,625	393,180
FUND BALANCE - BEGINNING	<u>374,555</u>	<u>374,555</u>	<u>374,555</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 393,180</u>	<u>\$ 393,180</u>
<b>INHERITANCE FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ -	\$ -	\$ 721,962	\$ 721,962
<b>TOTAL RECEIPTS</b>	<u>-</u>	<u>-</u>	<u>721,962</u>	<u>721,962</u>
<b>DISBURSEMENTS</b>	<u>354,156</u>	<u>354,156</u>	<u>-</u>	<u>354,156</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(354,156)</u>	<u>(354,156)</u>	<u>721,962</u>	<u>1,076,118</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(350,000)	(350,000)	(350,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(350,000)</u>	<u>(350,000)</u>	<u>(350,000)</u>	<u>-</u>
Net Change in Fund Balance	(704,156)	(704,156)	371,962	1,076,118
FUND BALANCE - BEGINNING	<u>704,156</u>	<u>704,156</u>	<u>704,156</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,076,118</u>	<u>\$ 1,076,118</u>

(Continued)

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

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>HOSPITAL BOND FUND</b>				
<b>RECEIPTS</b>				
Miscellaneous	\$ 363,775	\$ 363,775	\$ 365,193	\$ 1,418
<b>TOTAL RECEIPTS</b>	<u>363,775</u>	<u>363,775</u>	<u>365,193</u>	<u>1,418</u>
<b>DISBURSEMENTS</b>	<u>770,858</u>	<u>770,858</u>	<u>367,858</u>	<u>403,000</u>
Net Change in Fund Balance	(407,083)	(407,083)	(2,665)	404,418
FUND BALANCE - BEGINNING	407,083	407,083	407,083	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 404,418</u>	<u>\$ 404,418</u>

(Concluded)

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

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD EQUIPMENT FUND</b>				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	100,000	100,000	-	100,000
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	100,000	100,000	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	100,000	100,000	100,000	-
Net Change in Fund Balance	-	-	100,000	100,000
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>
<b>ROAD/BRIDGE IMPROVEMENT FUND</b>				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	100,000	100,000
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	100,000	100,000
Net Change in Fund Balance	-	-	100,000	100,000
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>
<b>CHILD SUPPORT AGREEMENT FUND</b>				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	3,669	3,669	3,669	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(5,629)	(5,629)	(5,629)	-
TOTAL OTHER FINANCING SOURCES (USES)	(5,629)	(5,629)	(5,629)	-
Net Change in Fund Balance	(9,298)	(9,298)	(9,298)	-
FUND BALANCE - BEGINNING	9,298	9,298	9,298	-
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, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>COUNTY VISITORS PROMOTION FUND</b>				
RECEIPTS	\$ 10,000	\$ 10,000	\$ 10,659	\$ 659
DISBURSEMENTS	33,176	33,176	14,908	18,268
Net Change in Fund Balance	(23,176)	(23,176)	(4,249)	18,927
FUND BALANCE - BEGINNING	23,176	23,176	23,176	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,927</u>	<u>\$ 18,927</u>
<b>COUNTY VISITORS IMPROVEMENT FUND</b>				
RECEIPTS	\$ 10,000	\$ 10,000	\$ 10,659	\$ 659
DISBURSEMENTS	38,551	38,551	22,500	16,051
Net Change in Fund Balance	(28,551)	(28,551)	(11,841)	16,710
FUND BALANCE - BEGINNING	28,551	28,551	28,551	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,710</u>	<u>\$ 16,710</u>
<b>DIVERSION PROGRAM STOP FUND</b>				
RECEIPTS	\$ 5,000	\$ 5,000	\$ 3,900	\$ (1,100)
DISBURSEMENTS	7,786	7,786	3,880	3,906
Net Change in Fund Balance	(2,786)	(2,786)	20	2,806
FUND BALANCE - BEGINNING	2,786	2,786	2,786	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,806</u>	<u>\$ 2,806</u>
<b>DRUG COALITION FUND</b>				
RECEIPTS	\$ 145,038	\$ 145,038	\$ 136,067	\$ (8,971)
DISBURSEMENTS	184,150	184,150	137,498	46,652
OTHER FINANCING SOURCES (USES)				
Transfers in	10,000	10,000	10,000	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Net Change in Fund Balance	(29,112)	(29,112)	8,569	37,681
FUND BALANCE - BEGINNING	29,112	29,112	29,112	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,681</u>	<u>\$ 37,681</u>

(Continued)

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

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>CANINE (K-9) DOG FUND</b>				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	2,441	2,441	437	2,004
Net Change in Fund Balance	(2,441)	(2,441)	(437)	2,004
FUND BALANCE - BEGINNING	2,441	2,441	2,441	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,004</u>	<u>\$ 2,004</u>
<b>FEDERAL CRIME GRANT FUND</b>				
RECEIPTS	\$ 1,200	\$ 1,200	\$ 760	\$ (440)
DISBURSEMENTS	1,200	1,200	-	1,200
Net Change in Fund Balance	-	-	760	760
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 760</u>	<u>\$ 760</u>
<b>911 WIRELESS SERVICE FUND</b>				
RECEIPTS	\$ 27,541	\$ 27,541	\$ 27,541	\$ -
DISBURSEMENTS	27,541	27,541	17,563	9,978
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	2,455	2,455
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	2,455	2,455
Net Change in Fund Balance	-	-	12,433	12,433
FUND BALANCE - BEGINNING	15,858	15,858	15,858	-
FUND BALANCE - ENDING	<u>\$ 15,858</u>	<u>\$ 15,858</u>	<u>\$ 28,291</u>	<u>\$ 12,433</u>
<b>COUNTY BUILDING FUND</b>				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	150,000	150,000
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	150,000	150,000
Net Change in Fund Balance	-	-	150,000	150,000
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>

(Continued)

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

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>911 EMERGENCY SERVICES FUND</b>				
RECEIPTS	\$ 34,700	\$ 34,700	\$ 34,591	\$ (109)
DISBURSEMENTS	67,107	67,107	47,168	19,939
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(2,455)	(2,455)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(2,455)	(2,455)
Net Change in Fund Balance	(32,407)	(32,407)	(15,032)	17,375
FUND BALANCE - BEGINNING	57,777	57,777	57,777	-
FUND BALANCE - ENDING	<u>\$ 25,370</u>	<u>\$ 25,370</u>	<u>\$ 42,745</u>	<u>\$ 17,375</u>
<b>FED. DRUG LAW ENFORCEMENT FORFEITURE FUND</b>				
RECEIPTS	\$ 25,000	\$ 25,000	\$ -	\$ (25,000)
DISBURSEMENTS	25,000	25,000	-	25,000
Net Change in Fund Balance	-	-	-	-
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Concluded)

NEMAHA COUNTY  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2012

	Road Equipment Fund	Road/Bridge Improvement Fund	Child Support Agreement Fund	County Visitors Promotion Fund	County Visitors Improvement Fund
<b>RECEIPTS</b>					
Property Taxes	\$ -	\$ -	\$ -	\$ 10,659	\$ 10,659
Intergovernmental	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>TOTAL RECEIPTS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,659</u>	<u>10,659</u>
<b>DISBURSEMENTS</b>					
General Government	-	-	3,669	-	-
Public Safety	-	-	-	-	-
Culture and Recreation	-	-	-	14,908	22,500
<b>TOTAL DISBURSEMENTS</b>	<u>-</u>	<u>-</u>	<u>3,669</u>	<u>14,908</u>	<u>22,500</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>-</u>	<u>-</u>	<u>(3,669)</u>	<u>(4,249)</u>	<u>(11,841)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	100,000	100,000	-	-	-
Transfers out	-	-	(5,629)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>100,000</u>	<u>100,000</u>	<u>(5,629)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	100,000	100,000	(9,298)	(4,249)	(11,841)
<b>FUND BALANCES - BEGINNING</b>	<u>-</u>	<u>-</u>	<u>9,298</u>	<u>23,176</u>	<u>28,551</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 18,927</u>	<u>\$ 16,710</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	\$ -	\$ -	\$ -	\$ 18,927	\$ 16,710
911 Emergency Services	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Road Maintenance	100,000	100,000	-	-	-
County Buildings	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 18,927</u>	<u>\$ 16,710</u>

(Continued)

NEMAHA COUNTY  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2012

	Diversion Program STOP Fund	Drug Coalition Fund	Canine (K-9) Dog Fund	Federal Crime Grant Fund	911 Wireless Service Fund
<b>RECEIPTS</b>					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 27,541
Intergovernmental	3,900	114,165	-	760	-
Miscellaneous	-	21,902	-	-	-
<b>TOTAL RECEIPTS</b>	<u>3,900</u>	<u>136,067</u>	<u>-</u>	<u>760</u>	<u>27,541</u>
<b>DISBURSEMENTS</b>					
General Government	-	-	-	-	-
Public Safety	3,880	137,498	437	-	17,563
Culture and Recreation	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>3,880</u>	<u>137,498</u>	<u>437</u>	<u>-</u>	<u>17,563</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>20</u>	<u>(1,431)</u>	<u>(437)</u>	<u>760</u>	<u>9,978</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	10,000	-	-	2,455
Transfers out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>2,455</u>
Net Change in Fund Balances	20	8,569	(437)	760	12,433
<b>FUND BALANCES - BEGINNING</b>	<u>2,786</u>	<u>29,112</u>	<u>2,441</u>	<u>-</u>	<u>15,858</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 2,806</u>	<u>\$ 37,681</u>	<u>\$ 2,004</u>	<u>\$ 760</u>	<u>\$ 28,291</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	\$ -	\$ -	\$ -	\$ -	\$ -
911 Emergency Services	-	-	-	-	28,291
Law Enforcement	-	-	-	760	-
Committed to:					
Law Enforcement	2,806	37,681	2,004	-	-
Road Maintenance	-	-	-	-	-
County Buildings	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 2,806</u>	<u>\$ 37,681</u>	<u>\$ 2,004</u>	<u>\$ 760</u>	<u>\$ 28,291</u>

(Continued)

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

For the Year Ended June 30, 2012

	County Building Fund	911 Emergency Services Fund	Total Nonmajor Governmental Funds
<b>RECEIPTS</b>			
Property Taxes	\$ -	\$ 34,591	\$ 83,450
Intergovernmental	-	-	118,825
Miscellaneous	-	-	21,902
<b>TOTAL RECEIPTS</b>	<u>-</u>	<u>34,591</u>	<u>224,177</u>
<b>DISBURSEMENTS</b>			
General Government	-	-	3,669
Public Safety	-	47,168	206,546
Culture and Recreation	-	-	37,408
<b>TOTAL DISBURSEMENTS</b>	<u>-</u>	<u>47,168</u>	<u>247,623</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>-</u>	<u>(12,577)</u>	<u>(23,446)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	150,000	-	362,455
Transfers out	-	(2,455)	(8,084)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>150,000</u>	<u>(2,455)</u>	<u>354,371</u>
Net Change in Fund Balances	150,000	(15,032)	330,925
<b>FUND BALANCES - BEGINNING</b>	<u>-</u>	<u>57,777</u>	<u>168,999</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 150,000</u>	<u>\$ 42,745</u>	<u>\$ 499,924</u>
<b>FUND BALANCES:</b>			
Restricted for:			
Visitor Promotion	\$ -	\$ -	\$ 35,637
911 Emergency Services	-	42,745	71,036
Law Enforcement	-	-	760
Committed to:			
Law Enforcement	-	-	42,491
Road Maintenance	-	-	200,000
County Buildings	150,000	-	150,000
<b>TOTAL FUND BALANCES</b>	<u>\$ 150,000</u>	<u>\$ 42,745</u>	<u>\$ 499,924</u>

(Concluded)

NEMAHA COUNTY  
**SCHEDULE OF OFFICE ACTIVITIES**  
For the Year Ended June 30, 2012

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Nehama Against Drug & Alcohol Abuse	Veterans' Service Officer	Total
BALANCES JULY 1, 2011	\$ 5,012	\$ 40,988	\$ 8,223	\$ 6,247	\$ 500	\$ 1,991	\$ 62,961
<b>RECEIPTS</b>							
Licenses and Permits	-	-	515	-	-	-	515
Intergovernmental	-	-	48,434	-	-	-	48,434
Charges for Services	49,060	5,894	100,918	1,080	-	-	156,952
Miscellaneous	-	-	-	11,122	15,080	300	26,502
State Fees	42,408	14,646	-	-	-	-	57,054
Other Liabilities	-	168,985	58,683	-	-	-	227,668
<b>TOTAL RECEIPTS</b>	<b>91,468</b>	<b>189,525</b>	<b>208,550</b>	<b>12,202</b>	<b>15,080</b>	<b>300</b>	<b>517,125</b>
<b>DISBURSEMENTS</b>							
Payments to County Treasurer	47,667	7,139	154,393	600	2,552	-	212,351
Payments to State Treasurer	43,075	14,894	633	11,774	-	-	70,376
Other Liabilities	-	164,743	60,579	-	11,898	100	237,320
<b>TOTAL DISBURSEMENTS</b>	<b>90,742</b>	<b>186,776</b>	<b>215,605</b>	<b>12,374</b>	<b>14,450</b>	<b>100</b>	<b>520,047</b>
BALANCES JUNE 30, 2012	<u>\$ 5,738</u>	<u>\$ 43,737</u>	<u>\$ 1,168</u>	<u>\$ 6,075</u>	<u>\$ 1,130</u>	<u>\$ 2,191</u>	<u>\$ 60,039</u>
<b>BALANCES CONSIST OF:</b>							
Due to County Treasurer	\$ 3,928	\$ 478	\$ 168	\$ 5,930	\$ 630	\$ 2,191	\$ 13,325
Petty Cash	-	-	1,000	-	500	-	1,500
Due to State Treasurer	1,810	612	-	-	-	-	2,422
Due to Others	-	42,647	-	145	-	-	42,792
BALANCES JUNE 30, 2012	<u>\$ 5,738</u>	<u>\$ 43,737</u>	<u>\$ 1,168</u>	<u>\$ 6,075</u>	<u>\$ 1,130</u>	<u>\$ 2,191</u>	<u>\$ 60,039</u>

NEMAHA COUNTY  
**SCHEDULE OF TAXES CERTIFIED AND COLLECTED FOR  
 ALL POLITICAL SUBDIVISIONS IN THE COUNTY**

June 30, 2012

Item	2007	2008	2009	2010	2011
Tax Certified by Assessor					
Real Estate	\$ 8,476,319	\$ 9,104,053	\$ 9,544,945	\$ 10,608,513	\$ 10,728,618
Personal and Specials	562,375	607,826	658,775	672,319	798,152
Total	<u>9,038,694</u>	<u>9,711,879</u>	<u>10,203,720</u>	<u>11,280,832</u>	<u>11,526,770</u>
Corrections					
Additions	2,477	3,293	4,471	3,673	1,785
Deductions	<u>(2,175)</u>	<u>(7,262)</u>	<u>(6,760)</u>	<u>(5,649)</u>	<u>(2,674)</u>
Net Additions/ (Deductions)	<u>302</u>	<u>(3,969)</u>	<u>(2,289)</u>	<u>(1,976)</u>	<u>(889)</u>
Corrected Certified Tax	<u>9,038,996</u>	<u>9,707,910</u>	<u>10,201,431</u>	<u>11,278,856</u>	<u>11,525,881</u>
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2008	5,307,067	-	-	-	-
June 30, 2009	3,718,219	5,803,436	-	-	-
June 30, 2010	11,371	3,889,259	6,072,502	-	-
June 30, 2011	1,534	9,679	4,110,634	6,849,897	-
June 30, 2012	<u>383</u>	<u>2,410</u>	<u>10,333</u>	<u>4,409,140</u>	<u>6,997,693</u>
Total Net Collections	<u>9,038,574</u>	<u>9,704,784</u>	<u>10,193,469</u>	<u>11,259,037</u>	<u>6,997,693</u>
 Total Uncollected Tax	 <u>\$ 422</u>	 <u>\$ 3,126</u>	 <u>\$ 7,962</u>	 <u>\$ 19,819</u>	 <u>\$ 4,528,188</u>
 Percentage Uncollected Tax	 <u>0.00%</u>	 <u>0.03%</u>	 <u>0.08%</u>	 <u>0.18%</u>	 <u>39.29%</u>



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley  
State Auditor

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NEMAHA COUNTY

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

Board of Commissioners  
Nemaha County, Nebraska

We have audited 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, 2012, and have issued our report thereon dated March 27, 2013. 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. 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 Nemaha County's internal control over financial reporting (internal control) 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 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 significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been 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, detect, or 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, detected or corrected on a timely basis. We consider the following deficiency to be a material weakness:

- 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.

#### 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*.

We also noted certain matters that we reported to the management of Nemaha County in a separate letter dated March 27, 2013.

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. However, this report is a matter of public record and its distribution is not limited.

SIGNED ORIGINAL ON FILE

March 27, 2013

Deann Haeffner, CPA  
Assistant Deputy Auditor



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Mike Foley  
State Auditor

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March 27, 2013

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, 2012, and have issued our report thereon dated March 27, 2013. 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**

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#### **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 BOARD

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### **Tax Sale Foreclosures**

During our audit, it was noted that the County Board has not directed the County Attorney to foreclose on delinquent real estate taxes over three years old.

Neb. Rev. Stat. § 77-1918 (Reissue 2009) states,

*“It shall be the duty of the county board, at its first meeting held after the making of such report, to carefully examine the same, and while it may direct the issuance of tax sale certificates to the county upon any real property upon which there are any delinquent taxes, it shall, as to all real property upon which taxes are delinquent for three or more years, either enter an order directing the foreclosure of the lien of such taxes... or enter an order for the county treasurer to issue tax sale certificates to the county covering the delinquent taxes upon such real property, to be foreclosed upon in the manner and at the time provided... The county board shall have authority to direct the county attorney to commence foreclosure of such liens or certificates or it may designate another attorney to commence such actions, and the county board is authorized to pay any reasonable fee for such foreclosures to be assessed as costs.”*

When the County Board does not direct the County Attorney to foreclose on delinquent real estate taxes, they are in noncompliance with State statute.

We recommend the County Board direct the County Attorney to foreclose on all real property upon which taxes are delinquent for three or more years.

### **Claim Support**

During our testing of claims, we noted one claim for reimbursement from the Visitor Improvement Board had insufficient documentation to support the purchase. The claim totaled \$7,500; however, documentation provided supported for \$3,281 in purchases, leaving \$4,219 without supporting documentation.

Good internal controls require all claims be supported by adequate documentation. When these controls are not in place, there is an increased risk of loss or misuse of funds.

We recommend the County Board review all claims paid to ensure they are supported by adequate documentation.

## **CLERK OF THE DISTRICT COURT**

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### **Unclaimed Property**

Neb. Rev. Stat. § 69-1307.01 (Reissue 2009) states that personal property held by public entities or political subdivisions which has remained unclaimed for more than three years is presumed abandoned. Neb. Rev. Stat. § 69-1310 (Reissue 2009) requires such items be reported to the Nebraska State Treasurer before November 1<sup>st</sup> of each year as of June 30 next proceeding. Good internal control requires the Clerk of the District Court have procedures in place which provide ongoing, detailed review of all monthly financial reports including the Monthly Case Balance Report. In addition, sound accounting practices require proper actions be taken to follow up on old case balances and uncashed checks to determine if they are still active or not.

During testing, as of June 30, 2012, we noted:

- Nine of fifteen case balances, totaling \$1,802, were not properly remitted to the correct payee or sent to the State Treasurer as unclaimed property in a timely manner.
- Twenty-eight checks, totaling \$1,807, had remained unclaimed for more than three years.

When the Clerk of the District Court's monthly reports are not consistently reviewed in a timely manner, there is an increased risk of errors, omissions, and/or irregularities which would not be detected and/or resolved in a timely manner. In addition, when all unclaimed property is not remitted to the State Treasurer in accordance with the Unclaimed Property Act, the Clerk of the District Court is not in compliance with State statute.

We recommend the Clerk of the District Court review the Monthly Case Balance Report on a monthly basis to ensure that all case balances are proper and current and remit all unclaimed property to the State Treasurer in accordance with State statute.

## **COUNTY SHERIFF**

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### **Sheriff Balancing Procedures**

We noted at June 30, 2012, office records indicated assets exceeded liabilities by \$2,968.

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 and trust accounts) on at least a monthly basis. Balancing procedures should include the timely identification and resolution of all variances noted.

Failure to determine asset-to-liability balancing variances can result in an increased risk of loss, theft, or misuse of funds, allowing errors to more easily go undetected.

We recommend the County Sheriff implement documented monthly balancing procedures and follow up on all unexplained variances in a timely manner. Amounts determined to be excess, or unknown balances, should be remitted to the County Treasurer.

### **Fee Approval**

During testing we noted one receipt in which an individual was undercharged by \$21 based on the rates set by the County Sheriff's office. We also noted the County Sheriff's office charges the following fees which were not set by State statute or the County Board:

- \$15 per day for prisoner work release
- \$50 per day for boarding of prisoners

Neb. Rev. Stat. § 23-106 (Reissue 2012) assigns the responsibility to the County Board for managing the County funds and County business. In addition, good internal control and sound accounting practice requires fees be set by the County Board and documented in the Board minutes.

When the County Board is not approving fees charged, there is an increased risk of the loss or misuse of County funds.

We recommend the County Sheriff obtain approval from the County Board for fees collected that are not established by State statute and charge individuals the correct fees approved.

## **COUNTY ATTORNEY**

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### **Excess Balance**

At June 30, 2012, the County Attorney had an unknown trust balance of \$4,817.

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 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 more easily go undetected.

We recommend the County Attorney review monies held in trust and remit any balance which cannot be accounted for to the County Treasurer or State Treasurer as appropriate.

## Untimely Deposits

During our review of receipts in the County Attorney's office for the fiscal year ended June 30, 2012, we noted:

- Receipts received during the period September 9-20, 2011, totaling \$134, were not deposited until October 4, 2011.
- Receipts received on October 26, 2011, totaling \$164, were not deposited until November 14, 2011.
- Receipts received between November 14, 2011, and December 16, 2011, totaling \$516, were not deposited until January 4, 2012.
- One receipt, totaling \$73, received in April 2012, for a trust account had not been paid out to the trustee as of February 27, 2013.

Sound accounting practice and good internal controls dictate depositing any money received as soon as possible in a secured depository. Thus, allowing for accurate financial records and decreasing the risk of loss or theft. It is also a good safety measure to have less than \$50 in cash at all times.

We recommend the County Attorney make deposits weekly or biweekly in either the Trust Bank Account or with the County Treasurer. We further recommend the County Attorney remit trust account balances to the appropriate trustee(s) in a timely manner.

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## **NEMAHA AGAINST DRUG and ALCOHOL ABUSE (NADAA)**

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### Accounting Practices

We noted several instances where money received was deposited into the NADAA checking account and spent from that account without being approved by the County Board.

- In June 2012, a receipt received from Region V for \$4,358 was not remitted to the County Treasurer, but deposited to the NADAA petty cash checking account. The money was disbursed as follows:

\$ 500	NADAA Director for a stipend
298	NADAA Director for mileage reimbursement
600	Teammates for ad development
8	Trash pickup
2,552	Remitted to County Treasurer
<u>400</u>	Remained in petty cash bank account at June 30, 2012
<u>\$4,358</u>	Total

- In March 2012, proceeds from ticket sales for a Red/White Tailgating function for \$185 and a \$5 donation were not remitted to the County Treasurer, but were deposited to the NADAA petty cash checking account. The \$185 along with a claim from the County Board of \$40 was disbursed to cover the ticket cost.
- In April 2012, a claim for \$225 was submitted to the County Board for the cost of the Red/White function, this expense was previously collected as noted above. The total of the second reimbursement of \$225 plus the \$5 donation and the \$400 noted above, from the Region V receipt, were noted as disbursed in the check register as follows:

\$ 167	Website Hosting fee in January 2013
<u>463</u>	Gage County maps in February 2013
\$ <u>630</u>	Total

Neb. Rev. Stat. § 23-1601(1) (Reissue 2012) states,

*“It is the duty of the county treasurer to receive all money belonging to the county, from whatsoever source derived and by any method of payment provided by section 77-1702, and all other money which is by law directed to be paid to him or her. All money received by the county treasurer for the use of the county shall be paid out by him or her only on warrants issued by the county board according to law, except when special provision for payment of county money is otherwise made by law.”*

Neb. Rev. Stat. § 23-109 (Reissue 2012) states, “The county board shall have power to examine and settle all accounts against the county and all accounts concerning the receipts and expenditures of the county.”

Neb. Rev. Stat. § 23-106(1) (Reissue 2012) states, “the county board shall manage the county funds and county business except as otherwise specifically provided.”

When money is not properly remitted to the County Treasurer and all claims are not approved by the County Board, there is an increased risk of loss or misuse of County funds.

We recommend NADAA remit funds received to the County Treasurer and submit all claims through the County Board’s claims and warrants process.

\* \* \* \* \*

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 that indicate corrective action has been taken were not verified at this time, but 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 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,

SIGNED ORIGINAL ON FILE

Deann Haeffner, CPA  
Assistant Deputy Auditor