

**AUDIT REPORT
OF
GAGE COUNTY**

JULY 1, 2014 THROUGH JUNE 30, 2015

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the Auditor of Public Accounts.**

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Issued on November 10, 2015

GAGE COUNTY

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GAGE COUNTY

LIST OF COUNTY OFFICIALS

At June 30, 2015

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



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GAGE COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Gage County, Nebraska

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gage County, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matters – Basis of Accounting

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, pages 20-31, is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the

basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2015, on our consideration of Gage County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Gage County's internal control over financial reporting and compliance.

September 16, 2015



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

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

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

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

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

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

General Receipts:

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

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

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

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

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

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

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

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

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

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

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

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

1. **Summary of Significant Accounting Policies**

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

A. Reporting Entity

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

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

Joint Organization.

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

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

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

The Department’s governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$3,342 toward the operation of the Department during fiscal year 2015. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Reissue 2014). Financial information for the Department is available in that report.

B. Basis of Presentation

Government-Wide Financial Statements. The Statement of Net Position - Cash Basis and Statement of Activities - Cash Basis display information about the activities of the County and are in the format of government-wide statements, as required by GASB Statement Number 34. These statements include all the financial activities of the County, except for fiduciary activities. Internal activities in these statements were considered immaterial and have not been eliminated. Governmental Generally Accepted Accounting Principles (GAAP) requires internal activity to be eliminated to minimize double counting. The County reports governmental activities only. Governmental activities are generally financed through taxes, intergovernmental receipts, and other nonexchange transactions.

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

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

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

1. Summary of Significant Accounting Policies (Continued)

rescind the commitment or assignment of a fund balance to a specific purpose. When resources for a specific purpose are available in more than one fund balance classification, the County's policy is to use resources in the following order: restricted, committed, assigned, and unassigned. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for financial resources of the general government, except those required to be accounted for in another fund.

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

Inheritance Fund. This fund is used to account for the receipts generated from inheritance taxes and is used for various projects.

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

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

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

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

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

The County designates fund balances as:

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

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

Unassigned. This portion of the General Fund is not restricted, committed, or assigned for a specific purpose.

C. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The accounting records of the County are maintained and the government-wide financial statements were reported on the basis of cash receipts and disbursements. As such, the measurement focus includes only those assets and fund balances arising from cash transactions on the Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis. Receipts are recognized when received, and disbursements are recognized when warrants are paid. This differs from governmental GAAP, which requires the government-wide and fiduciary fund financial statements to be reported using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus and basis of accounting, receipts are recorded when earned, and disbursements are recorded when a liability is incurred, regardless of the timing of related cash flows.

The governmental fund financial statements were also reported on the cash receipt and disbursement basis of accounting. As such, the same measurement focus and basis of accounting were used, as described above. This differs from governmental GAAP, which requires governmental fund financial statements to be reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this measurement focus and basis of accounting, receipts are recognized as soon as they are both measurable and available. Receipts are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Disbursements are generally recorded when a liability is incurred, as under accrual accounting. However, disbursements related to compensated absences and claims and judgments are recorded only when payment is due.

D. Assets and Net Position

Cash and Cash Equivalents. The County's cash and cash equivalents are considered to be cash on hand and demand deposits.

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Investments. The types of investments in which the County is authorized to invest funds are enumerated in Neb. Rev. Stat. §§ 77-2315, 77-2340, and 77-2341 (Reissue 2009) and generally include U.S. Government obligations, certificates of deposit, and time deposits and securities, which are authorized by the Nebraska Investment Council.

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

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

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

Restricted Net Position. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$805,900 of restricted net position, of which \$279,614 is restricted by enabling legislation.

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

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

2. **Deposits and Investments**

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

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

3. **Property Taxes**

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

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

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Property Taxes** (Concluded)

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

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

4. **Retirement System**

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

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

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

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

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

4. **Retirement System** (Concluded)

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

5. **Risk Management**

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

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

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

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

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

5. Risk Management (Concluded)

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

6. Interfund Transfers

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

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

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

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

7. Capital Leases Payable

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

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

GAGE COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

8. Ambulance Agreement

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

9. Contingent Liabilities

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

10. Long-Term Debt

Highway Allocation Bonds

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

Road Bonds 2013

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

Future Payments:

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

GAGE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2015

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

(Continued)

GAGE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2015

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

(Concluded)

GAGE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2015

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

(Continued)

GAGE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2015

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

(Concluded)

GAGE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2015

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

GAGE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2015

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

(Continued)

GAGE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2015

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

(Concluded)

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

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

(Continued)

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

For the Year Ended June 30, 2015

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

(Continued)

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

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

(Concluded)

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

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

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

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

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



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GAGE COUNTY

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

Board of Supervisors
Gage County, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gage County, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Gage County's basic financial statements, and have issued our report thereon dated September 16, 2015. The report notes the financial statements were prepared on the basis of cash receipts and disbursements

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Gage County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Gage County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency to be a material weakness:

- The County offices lacked a segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. Inadequate segregation of duties could lead to the misappropriation of assets or improper reporting. Due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost.

Compliance and Other Matters

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

Additional Items

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

Gage County's Response to Findings

Gage County declined to respond to the finding described above.

Purpose of this Report

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

September 16, 2015


Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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September 16, 2015

Board of Supervisors
Gage County, Nebraska

Dear Supervisors:

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

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

COUNTY OVERALL

Segregation of Duties

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

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

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

Unclaimed Property

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

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

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

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

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

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

COUNTY BOARD

Imprest Account Balancing Procedures

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

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

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

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

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

Law Enforcement Retirement

A supplemental retirement plan was established on January 1, 2003, for the benefit of all present and future commissioned law enforcement personnel employed by the County. Employees contribute 1% of their salary to this plan, and the County contributes an amount equal to 100% of the employee's contribution. Neb. Rev. Stat. § 23-2332.01 (Reissue 2012), requires "personnel . . . who possess a valid law enforcement officer certificate or diploma, as established by the Nebraska Police Standards Advisory Council" to contribute an additional one percent to retirement.

During the fiscal year, we noted the following:

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

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

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

COUNTY TREASURER

Redeemed Tax Sales

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

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

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

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

COUNTY ATTORNEY

Receipting Procedures

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

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

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

COUNTY SHERIFF

Accounting Procedures

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

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

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

CLERK OF THE DISTRICT COURT

Witness Fees

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

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

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

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

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

COUNTY PLANNING AND ZONING

Receipting Procedures

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

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

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

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

COUNTY HIGHWAY DEPARTMENT

Timely Deposits

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

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

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

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

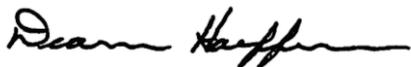
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It should be noted this report is critical in nature, as it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any strong features of the County.

Draft copies of this report were furnished to the County to provide management with an opportunity to review the report and to respond to the comments and recommendations included in this report. All formal responses received have been incorporated into this report. Where no response has been included, the County declined to respond. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next audit.

This report is intended solely for the information and use of the County, the appropriate Federal and regulatory agencies, and citizens of the State of Nebraska, and it is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Sincerely,



Deann Haeffner
Assistant Deputy Auditor