

**AUDIT REPORT
OF
NEMAHA COUNTY**

JULY 1, 2014 THROUGH JUNE 30, 2015

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the Auditor of Public Accounts.**

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Issued on September 24, 2015

NEMAHA COUNTY

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NEMAHA COUNTY

LIST OF COUNTY OFFICIALS

At June 30, 2015

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



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NEMAHA COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Nemaha County, Nebraska

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Discretely Presented Component Unit	Adverse
Major Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Adverse Opinion on the Discretely Presented Component Unit

The financial statements do not include financial data for the County’s legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for that component unit to be reported with the financial data of the County’s primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, net position, receipts, and disbursements of the government-wide financial statements has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on the Discretely Presented Component Unit” paragraph, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of Nemaha County, as of June 30, 2015, or the change in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and aggregate remaining fund information of Nemaha County, as of June 30, 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, which collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, Pages 20-31, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2015, on our consideration of Nemaha County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and considering Nemaha County's internal control over financial reporting and compliance.

August 17, 2015


Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

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

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 4,906,545
Investments (Note 1.D)	58
TOTAL ASSETS	\$ 4,906,603
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 34,274
911 Emergency Services	197,343
Law Enforcement	22
Preservation of Records	2,997
Debt Service	403,754
Bridge Projects	413,581
Unrestricted	3,854,632
TOTAL NET POSITION	\$ 4,906,603

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, 2015

Functions:	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ (1,508,203)	\$ 307,353	\$ 26,856	\$ (1,173,994)
Public Safety	(1,615,837)	382,473	38,571	(1,194,793)
Public Works	(2,231,820)	2,638	1,259,258	(969,924)
Health and Sanitation	(26,790)	-	14,176	(12,614)
Public Assistance	(58,286)	-	-	(58,286)
Culture and Recreation	(19,362)	-	-	(19,362)
Debt Payments	(353,571)	-	-	(353,571)
Total Governmental Activities	<u><u>\$ (5,813,869)</u></u>	<u><u>\$ 692,464</u></u>	<u><u>\$ 1,338,861</u></u>	<u><u>(3,782,544)</u></u>

General Receipts:

Property Taxes	3,772,201
Grants and Contributions Not Restricted to Specific Programs	381,513
Investment Income	13,662
Licenses and Permits	20,101
Miscellaneous	386,836
Total General Receipts	<u><u>4,574,313</u></u>
 Increase in Net Position	 791,769
Net Position - Beginning of year	4,114,834
Net Position - End of year	<u><u>\$ 4,906,603</u></u>

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, 2015

	General Fund	Road Fund	Inheritance Fund	County Building Fund	Road/Bridge Improvement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents (Note 1.D)	\$ 563,927	\$ 355,177	\$ 850,162	\$ 647,500	\$ 1,390,000	\$ 1,099,779	\$ 4,906,545
Investments (Note 1.D)	-	-	58	-	-	-	58
TOTAL ASSETS	<u>\$ 563,927</u>	<u>\$ 355,177</u>	<u>\$ 850,220</u>	<u>\$ 647,500</u>	<u>\$ 1,390,000</u>	<u>\$ 1,099,779</u>	<u>\$ 4,906,603</u>
FUND BALANCES							
Restricted for:							
Visitor Promotion	-	-	-	-	-	34,274	34,274
911 Emergency Services	-	-	-	-	-	197,343	197,343
Law Enforcement	-	-	-	-	-	22	22
Preservation of Records	-	-	-	-	-	2,997	2,997
Debt Service	-	-	-	-	-	403,754	403,754
Bridge Projects	-	-	-	-	-	413,581	413,581
Committed to:							
Law Enforcement	-	-	-	-	-	11,897	11,897
Road Maintenance	-	355,177	-	-	1,390,000	-	1,745,177
County Buildings	-	-	-	647,500	-	-	647,500
Future Compensation Benefits	-	-	-	-	-	35,911	35,911
Assigned to:							
Other Purposes	-	-	850,220	-	-	-	850,220
Unassigned	563,927	-	-	-	-	-	563,927
TOTAL CASH BASIS FUND BALANCES	<u>\$ 563,927</u>	<u>\$ 355,177</u>	<u>\$ 850,220</u>	<u>\$ 647,500</u>	<u>\$ 1,390,000</u>	<u>\$ 1,099,779</u>	<u>\$ 4,906,603</u>

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

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

	General Fund	Road Fund	Inheritance Fund	County Building Fund	Road/Bridge Improvement Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS							
Property Taxes	\$3,352,583	\$ -	\$ 318,075	\$ -	\$ -	\$ 101,543	\$ 3,772,201
Licenses and Permits	20,101	-	-	-	-	-	20,101
Interest	12,654	-	-	-	-	1,008	13,662
Intergovernmental	359,081	1,086,332	-	-	-	274,961	1,720,374
Charges for Services	684,862	2,638	-	-	-	4,964	692,464
Miscellaneous	17,380	16,833	-	-	-	352,623	386,836
TOTAL RECEIPTS	<u>4,446,661</u>	<u>1,105,803</u>	<u>318,075</u>	<u>-</u>	<u>-</u>	<u>735,099</u>	<u>6,605,638</u>
DISBURSEMENTS							
General Government	1,452,057	-	49,030	-	-	7,116	1,508,203
Public Safety	1,521,711	-	-	-	-	94,126	1,615,837
Public Works	2,152	1,973,775	-	-	-	255,893	2,231,820
Health and Sanitation	26,790	-	-	-	-	-	26,790
Public Assistance	58,286	-	-	-	-	-	58,286
Culture and Recreation	-	-	-	-	-	19,362	19,362
Debt Service:							
Principal Payments	-	-	-	-	-	352,563	352,563
Interest and Fiscal Charges	-	-	-	-	-	1,008	1,008
TOTAL DISBURSEMENTS	<u>3,060,996</u>	<u>1,973,775</u>	<u>49,030</u>	<u>-</u>	<u>-</u>	<u>730,068</u>	<u>5,813,869</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,385,665</u>	<u>(867,972)</u>	<u>269,045</u>	<u>-</u>	<u>-</u>	<u>5,031</u>	<u>791,769</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	1,008,848	62,000	175,000	205,000	259,707	1,710,555
Transfers out	(1,336,848)	(135,000)	(202,335)	-	-	(36,372)	(1,710,555)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,336,848)</u>	<u>873,848</u>	<u>(140,335)</u>	<u>175,000</u>	<u>205,000</u>	<u>223,335</u>	<u>-</u>
Net Change in Fund Balances	48,817	5,876	128,710	175,000	205,000	228,366	791,769
CASH BASIS FUND BALANCES - BEGINNING							
	<u>515,110</u>	<u>349,301</u>	<u>721,510</u>	<u>472,500</u>	<u>1,185,000</u>	<u>871,413</u>	<u>4,114,834</u>
CASH BASIS FUND BALANCES - ENDING							
	<u>\$ 563,927</u>	<u>\$ 355,177</u>	<u>\$ 850,220</u>	<u>\$ 647,500</u>	<u>\$ 1,390,000</u>	<u>\$ 1,099,779</u>	<u>\$ 4,906,603</u>

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

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

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 709,999
 LIABILITIES	
Due to other governments	
State	109,334
Schools	480,389
Educational Service Units	1,324
Technical College	5,278
Natural Resource Districts	3,428
Fire Districts	2,331
Municipalities	97,435
Agricultural Society	428
Others	10,052
TOTAL LIABILITIES	709,999
 TOTAL NET ASSETS	 \$ -

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, 2015

1. **Summary of Significant Accounting Policies**

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

A. Reporting Entity

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

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

Joint Organization.

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

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

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

The Department's governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. The County made no contributions 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 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, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as general receipts.

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Fund Financial Statements. The fund financial statements provide information about the County's funds, including its fiduciary funds. GAAP requires separate statements by fund category – governmental, proprietary, and fiduciary. The County uses only the governmental and fiduciary fund categories. The County Board is the highest level of decision-making authority and has the authority, by resolution, to establish, modify, or rescind the commitment or assignment of a fund balance to a specific purpose. When resources for a specific purpose are available in more than one fund balance classification, the County's policy is to use resources in the following order: restricted, committed, assigned, and unassigned. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

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

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

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

Road/Bridge Improvement Fund. This fund is used to set aside resources for future road and bridge projects. It is funded by transfers from other funds.

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

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

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

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

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

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

The County designates fund balances as:

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

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

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

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

C. **Measurement Focus, Basis of Accounting**

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

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

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

D. Assets and Net Position

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

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

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

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

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

Restricted Net Position. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$1,051,971 of restricted net position, of which \$234,636 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 \$4,906,545 for County funds and \$709,999 for Fiduciary funds. The bank balances for all funds totaled \$5,600,387. 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.

The County's carrying value of investments is stated at cost, which approximates market. Investments consisted of \$58 deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a seven-member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

2. Deposits and Investments (Concluded)

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

3. Property Taxes

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

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

The levy set in October 2014, for the 2014 taxes, which will be materially collected in May and September 2015, was set at \$.342318/\$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 \$.354899/\$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.

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. Retirement System (Concluded)

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

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

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

For the year ended June 30, 2015, 64 employees contributed \$89,292, and the County contributed \$131,615. Contributions included \$4,711 in cash contributions towards the supplemental law enforcement plan for 13 law enforcement employees. Lastly, the County paid \$277 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 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

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

5. Risk Management (Concluded)

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

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>Inheritance Fund</u>	<u>Nonmajor Funds</u>	
Road Fund	\$ 1,008,848	\$ -	\$ -	\$ -	\$ 1,008,848
Inheritance Fund	62,000	-	-	-	62,000
County Building Fund	175,000	-	-	-	175,000
Road/Bridge Improvement Fund	80,000	125,000	-	-	205,000
Nonmajor Funds	11,000	10,000	202,335	36,372	259,707
Total	<u>\$ 1,336,848</u>	<u>\$ 135,000</u>	<u>\$ 202,335</u>	<u>\$ 36,372</u>	<u>\$ 1,710,555</u>

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

6. Interfund Transfers (Concluded)

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.

7. Long-Term Debt

The County issued hospital bonds in November 2013 in the amount of \$1,990,000 for the purpose of providing payment and redemption of Series 2004 Hospital Bonds. The bond payable balance, as of June 30, 2015, was \$1,660,000. Future proceeds from the hospital are anticipated to be used to pay off the bonds, although the County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. As of June 30, 2015, no additional taxes had been levied by the County. Complete financial statements of the Hospital can be obtained from the Hospital's administrative office.

Future Payments:

Year	Principal	Interest	Total
2016	\$ 325,000	\$ 16,967	\$ 341,967
2017	325,000	14,448	339,448
2018	330,000	10,842	340,842
2019	340,000	6,059	346,059
2020	340,000	720	340,720
Total Payments	\$ 1,660,000	\$ 49,036	\$ 1,709,036

NEMAHA 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	\$ 3,638,890	\$ 3,638,890	\$ 3,352,583	\$ (286,307)
Licenses and Permits	25,500	25,500	20,101	(5,399)
Interest	8,040	8,040	12,654	4,614
Intergovernmental	346,086	346,086	359,081	12,995
Charges for Services	644,992	644,992	684,862	39,870
Miscellaneous	42,300	42,300	17,380	(24,920)
TOTAL RECEIPTS	<u>4,705,808</u>	<u>4,705,808</u>	<u>4,446,661</u>	<u>(259,147)</u>
DISBURSEMENTS				
General Government:				
County Board	69,376	69,376	65,140	4,236
County Clerk	111,093	111,093	106,012	5,081
County Treasurer	118,341	118,341	113,217	5,124
County Assessor	170,376	170,376	133,293	37,083
Election Commissioner	20,950	20,950	15,761	5,189
Clerk of the District Court	66,940	66,940	56,133	10,807
County Court System	1,675	2,371	2,371	-
District Judge	52,977	52,977	47,766	5,211
Building and Grounds	228,380	228,380	120,633	107,747
Agricultural Extension Agent	65,348	65,348	61,520	3,828
Miscellaneous	954,748	954,052	730,211	223,841
Public Safety				
County Sheriff	850,197	850,197	696,203	153,994
County Attorney	141,945	141,945	130,625	11,320
Child Support	27,250	27,250	26,431	819
County Jail	638,173	638,173	515,903	122,270
Emergency Management	111,870	111,870	99,748	12,122
Miscellaneous	61,800	61,800	52,801	8,999
Public Works				
County Surveyor	750	750	702	48
Miscellaneous	1,450	1,450	1,450	-
Public Health				
Miscellaneous	30,090	30,090	26,790	3,300
Public Assistance				
Veterans' Service Officer	36,339	36,339	32,846	3,493
Relief	16,950	16,950	3,812	13,138
Institutions	5,000	5,000	2,906	2,094
Miscellaneous	48,310	48,310	18,722	29,588
TOTAL DISBURSEMENTS	<u>3,830,328</u>	<u>3,830,328</u>	<u>3,060,996</u>	<u>769,332</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>875,480</u>	<u>875,480</u>	<u>1,385,665</u>	<u>510,185</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(1,190,590)	(1,190,590)	(1,336,848)	(146,258)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,190,590)</u>	<u>(1,190,590)</u>	<u>(1,336,848)</u>	<u>(146,258)</u>
Net Change in Fund Balance	(315,110)	(315,110)	48,817	363,927
FUND BALANCE - BEGINNING	<u>515,110</u>	<u>515,110</u>	<u>515,110</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 563,927</u>	<u>\$ 363,927</u>

NEMAHA 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	861,000	861,000	1,086,332	225,332
Charges for Services	100,000	100,000	2,638	(97,362)
Miscellaneous	2,000	2,000	16,833	14,833
TOTAL RECEIPTS	963,000	963,000	1,105,803	142,803
DISBURSEMENTS	2,481,891	2,481,891	1,973,775	508,116
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(1,518,891)	(1,518,891)	(867,972)	650,919
OTHER FINANCING SOURCES (USES)				
Transfers in	1,179,590	1,179,590	1,008,848	(170,742)
Transfers out	(10,000)	(10,000)	(135,000)	(125,000)
TOTAL OTHER FINANCING SOURCES (USES)	1,169,590	1,169,590	873,848	(295,742)
Net Change in Fund Balance	(349,301)	(349,301)	5,876	355,177
FUND BALANCE - BEGINNING	349,301	349,301	349,301	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 355,177</u>	<u>\$ 355,177</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ -	\$ -	\$ 318,075	\$ 318,075
TOTAL RECEIPTS	-	-	318,075	318,075
DISBURSEMENTS	519,175	519,175	49,030	470,145
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(519,175)	(519,175)	269,045	788,220
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	62,000	62,000
Transfers out	(202,335)	(202,335)	(202,335)	-
TOTAL OTHER FINANCING SOURCES (USES)	(202,335)	(202,335)	(140,335)	62,000
Net Change in Fund Balance	(721,510)	(721,510)	128,710	850,220
FUND BALANCE - BEGINNING	721,510	721,510	721,510	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 850,220</u>	<u>\$ 850,220</u>

NEMAHA 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)
COUNTY BUILDING FUND				
RECEIPTS				
TOTAL RECEIPTS	-	-	-	-
DISBURSEMENTS				
DISBURSEMENTS	472,500	472,500	-	472,500
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS				
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(472,500)	(472,500)	-	472,500
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	175,000	175,000
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	175,000	175,000
Net Change in Fund Balance	(472,500)	(472,500)	175,000	647,500
FUND BALANCE - BEGINNING	472,500	472,500	472,500	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 647,500	\$ 647,500
ROAD/BRIDGE IMPROVEMENT FUND				
RECEIPTS				
TOTAL RECEIPTS	-	-	-	-
DISBURSEMENTS				
DISBURSEMENTS	1,185,000	1,185,000	-	1,185,000
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS				
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(1,185,000)	(1,185,000)	-	1,185,000
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	205,000	205,000
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	205,000	205,000
Net Change in Fund Balance	(1,185,000)	(1,185,000)	205,000	1,390,000
FUND BALANCE - BEGINNING	1,185,000	1,185,000	1,185,000	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 1,390,000	\$ 1,390,000

(Concluded)

NEMAHA 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)
HOSPITAL BOND FUND				
Receipts	\$ 352,817	\$ 352,817	\$ 353,571	\$ 754
Disbursements	(756,571)	(756,571)	(353,571)	403,000
Net Change in Fund Balance	(403,754)	(403,754)	-	403,754
Fund Balance - Beginning	403,754	403,754	403,754	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 403,754</u>	<u>\$ 403,754</u>
ROAD EQUIPMENT FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(255,893)	(255,893)	(255,893)	-
Transfers in	202,335	202,335	202,335	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(53,558)	(53,558)	(53,558)	-
Fund Balance - Beginning	53,558	53,558	53,558	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
HIGHWAY BRIDGE BUYBACK PROGRAM FUND				
Receipts	\$ 308,351	\$ 308,351	\$ 221,932	\$ (86,419)
Disbursements	(500,000)	(500,000)	-	500,000
Net Change in Fund Balance	(191,649)	(191,649)	221,932	413,581
Fund Balance - Beginning	191,649	191,649	191,649	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 413,581</u>	<u>\$ 413,581</u>
COUNTY VISITORS PROMOTION FUND				
Receipts	\$ 10,000	\$ 10,000	\$ 11,699	\$ 1,699
Disbursements	(25,131)	(25,131)	(15,716)	9,415
Net Change in Fund Balance	(15,131)	(15,131)	(4,017)	11,114
Fund Balance - Beginning	15,131	15,131	15,131	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,114</u>	<u>\$ 11,114</u>
COUNTY VISITORS IMPROVEMENT FUND				
Receipts	\$ 10,000	\$ 10,000	\$ 11,638	\$ 1,638
Disbursements	(25,168)	(25,168)	(3,646)	21,522
Net Change in Fund Balance	(15,168)	(15,168)	7,992	23,160
Fund Balance - Beginning	15,168	15,168	15,168	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,160</u>	<u>\$ 23,160</u>

(Continued)

NEMAHA 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)
REGISTER OF DEEDS PRESERVATION FUND				
Receipts	\$ 5,000	\$ 5,000	\$ 4,914	\$ (86)
Disbursements	(7,370)	(7,370)	(4,287)	3,083
Net Change in Fund Balance	(2,370)	(2,370)	627	2,997
Fund Balance - Beginning	2,370	2,370	2,370	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,997</u>	<u>\$ 2,997</u>
VACATION/SICK LEAVE CLAIM RESERVE FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(38,740)	(38,740)	(2,829)	35,911
Transfers in	20,000	20,000	20,000	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(18,740)	(18,740)	17,171	35,911
Fund Balance - Beginning	18,740	18,740	18,740	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,911</u>	<u>\$ 35,911</u>
DIVERSION PROGRAM STOP FUND				
Receipts	\$ 2,800	\$ 2,800	\$ 3,100	\$ 300
Disbursements	(9,866)	(9,866)	-	9,866
Net Change in Fund Balance	(7,066)	(7,066)	3,100	10,166
Fund Balance - Beginning	7,066	7,066	7,066	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,166</u>	<u>\$ 10,166</u>
DRUG COALITION FUND				
Receipts	\$ 1,720	\$ 1,720	\$ -	\$ (1,720)
Disbursements	(5,500)	(5,500)	(2,060)	3,440
Transfers in	1,000	1,000	1,000	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(2,780)	(2,780)	(1,060)	1,720
Fund Balance - Beginning	2,780	2,780	2,780	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,720</u>	<u>\$ 1,720</u>
FEDERAL DRUG LAW ENFORCEMENT FORFEITURE FUND				
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>

(Continued)

NEMAHA 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)
CANINE (K-9) DOG FUND				
Receipts	\$ 8,000	\$ 8,000	\$ 50	\$ (7,950)
Disbursements	(9,264)	(9,264)	(1,303)	7,961
Net Change in Fund Balance	(1,264)	(1,264)	(1,253)	11
Fund Balance - Beginning	1,264	1,264	1,264	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ 11</u>
FEDERAL CRIME GRANT FUND				
Receipts	\$ 3,500	\$ 3,500	\$ 929	\$ (2,571)
Disbursements	(3,642)	(3,642)	(1,049)	2,593
Net Change in Fund Balance	(142)	(142)	(120)	22
Fund Balance - Beginning	142	142	142	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22</u>	<u>\$ 22</u>
911 WIRELESS SERVICE FUND				
Receipts	\$ 45,906	\$ 45,906	\$ 45,907	\$ 1
Disbursements	(27,489)	(27,489)	(15,535)	11,954
Transfers in	-	-	-	-
Transfers out	(20,417)	(20,417)	(32,372)	(11,955)
Net Change in Fund Balance	(2,000)	(2,000)	(2,000)	-
Fund Balance - Beginning	2,000	2,000	2,000	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
911 WIRELESS SERVICE HOLDING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(116,833)	(116,833)	-	116,833
Transfers in	20,417	20,417	32,372	11,955
Transfers out	-	-	-	-
Net Change in Fund Balance	(96,416)	(96,416)	32,372	128,788
Fund Balance - Beginning	96,416	96,416	96,416	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,788</u>	<u>\$ 128,788</u>
911 EMERGENCY SERVICE FUND				
Receipts	\$ 279,000	\$ 279,000	\$ 32,359	\$ (246,641)
Disbursements	(340,375)	(340,375)	(24,179)	316,196
Transfers in	-	-	-	-
Transfers out	-	-	(4,000)	(4,000)
Net Change in Fund Balance	(61,375)	(61,375)	4,180	65,555
Fund Balance - Beginning	61,375	61,375	61,375	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,555</u>	<u>\$ 65,555</u>

(Continued)

NEMAHA 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)
911 EMERGENCY COMM. STUDY AGREEMENT				
Receipts	\$ 2,800,000	\$ 2,800,000	\$ 49,000	\$ (2,751,000)
Disbursements	(2,800,000)	(2,800,000)	(50,000)	2,750,000
Transfers in	-	-	4,000	4,000
Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	3,000	3,000
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ 3,000</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, 2015

	Hospital Bond Fund	Road Equipment Fund	Highway Bridge Buyback Program Fund	County Visitors Promotion Fund	County Visitors Improvement Fund
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ -	\$ 11,639	\$ 11,638
Interest	1,008	-	-	-	-
Intergovernmental	-	-	221,932	-	-
Charges for Services	-	-	-	-	-
Miscellaneous	352,563	-	-	60	-
TOTAL RECEIPTS	<u>353,571</u>	<u>-</u>	<u>221,932</u>	<u>11,699</u>	<u>11,638</u>
DISBURSEMENTS					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	255,893	-	-	-
Culture and Recreation	-	-	-	15,716	3,646
Debt Service:					
Principal Payments	352,563	-	-	-	-
Interest and Fiscal Charges	1,008	-	-	-	-
TOTAL DISBURSEMENTS	<u>353,571</u>	<u>255,893</u>	<u>-</u>	<u>15,716</u>	<u>3,646</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>-</u>	<u>(255,893)</u>	<u>221,932</u>	<u>(4,017)</u>	<u>7,992</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	202,335	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>202,335</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	(53,558)	221,932	(4,017)	7,992
FUND BALANCES - BEGINNING	<u>403,754</u>	<u>53,558</u>	<u>191,649</u>	<u>15,131</u>	<u>15,168</u>
FUND BALANCES - ENDING	<u>\$ 403,754</u>	<u>\$ -</u>	<u>\$ 413,581</u>	<u>\$ 11,114</u>	<u>\$ 23,160</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	11,114	23,160
911 Emergency Services	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	-	-	-
Debt Service	403,754	-	-	-	-
Bridge Projects	-	-	413,581	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Future Compensation Benefits	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 403,754</u>	<u>\$ -</u>	<u>\$ 413,581</u>	<u>\$ 11,114</u>	<u>\$ 23,160</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, 2015

	Register of Deeds Preservation Fund	Vacation/Sick Leave Claim Reserve Fund	Diversion Program STOP Fund	Drug Coalition Fund	Canine (K-9) Dog Fund
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	-
Intergovernmental	-	-	3,100	-	-
Charges for Services	4,914	-	-	-	50
Miscellaneous	-	-	-	-	-
TOTAL RECEIPTS	<u>4,914</u>	<u>-</u>	<u>3,100</u>	<u>-</u>	<u>50</u>
DISBURSEMENTS					
General Government	4,287	2,829	-	-	-
Public Safety	-	-	-	2,060	1,303
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>4,287</u>	<u>2,829</u>	<u>-</u>	<u>2,060</u>	<u>1,303</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>627</u>	<u>(2,829)</u>	<u>3,100</u>	<u>(2,060)</u>	<u>(1,253)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	20,000	-	1,000	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Net Change in Fund Balances	627	17,171	3,100	(1,060)	(1,253)
FUND BALANCES - BEGINNING	<u>2,370</u>	<u>18,740</u>	<u>7,066</u>	<u>2,780</u>	<u>1,264</u>
FUND BALANCES - ENDING	<u>\$ 2,997</u>	<u>\$ 35,911</u>	<u>\$ 10,166</u>	<u>\$ 1,720</u>	<u>\$ 11</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	2,997	-	-	-	-
Debt Service	-	-	-	-	-
Bridge Projects	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	10,166	1,720	11
Future Compensation Benefits	-	35,911	-	-	-
TOTAL FUND BALANCES	<u>\$ 2,997</u>	<u>\$ 35,911</u>	<u>\$ 10,166</u>	<u>\$ 1,720</u>	<u>\$ 11</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, 2015

	Federal Crime Grant Fund	911 Wireless Service Fund	911 Wireless Service Holding Fund	911 Emergency Service Fund	911 Emergency Comm. Study Agreement	Total Nonmajor Governmental Funds
RECEIPTS						
Property Taxes	\$ -	\$ 45,907	\$ -	\$ 32,359	\$ -	\$ 101,543
Interest	-	-	-	-	-	1,008
Intergovernmental	929	-	-	-	49,000	274,961
Charges for Services	-	-	-	-	-	4,964
Miscellaneous	-	-	-	-	-	352,623
TOTAL RECEIPTS	<u>929</u>	<u>45,907</u>	<u>-</u>	<u>32,359</u>	<u>49,000</u>	<u>735,099</u>
DISBURSEMENTS						
General Government	-	-	-	-	-	7,116
Public Safety	1,049	15,535	-	24,179	50,000	94,126
Public Works	-	-	-	-	-	255,893
Culture and Recreation	-	-	-	-	-	19,362
Debt Service:						-
Principal Payments	-	-	-	-	-	352,563
Interest and Fiscal Charges	-	-	-	-	-	1,008
TOTAL DISBURSEMENTS	<u>1,049</u>	<u>15,535</u>	<u>-</u>	<u>24,179</u>	<u>50,000</u>	<u>730,068</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(120)</u>	<u>30,372</u>	<u>-</u>	<u>8,180</u>	<u>(1,000)</u>	<u>5,031</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	32,372	-	4,000	259,707
Transfers out	-	(32,372)	-	(4,000)	-	(36,372)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(32,372)</u>	<u>32,372</u>	<u>(4,000)</u>	<u>4,000</u>	<u>223,335</u>
Net Change in Fund Balances	(120)	(2,000)	32,372	4,180	3,000	228,366
FUND BALANCES - BEGINNING	<u>142</u>	<u>2,000</u>	<u>96,416</u>	<u>61,375</u>	<u>-</u>	<u>871,413</u>
FUND BALANCES - ENDING	<u>\$ 22</u>	<u>\$ -</u>	<u>\$ 128,788</u>	<u>\$ 65,555</u>	<u>\$ 3,000</u>	<u>\$ 1,099,779</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	34,274
911 Emergency Services	-	-	128,788	65,555	3,000	197,343
Law Enforcement	22	-	-	-	-	22
Preservation of Records	-	-	-	-	-	2,997
Debt Service	-	-	-	-	-	403,754
Bridge Projects	-	-	-	-	-	413,581
Committed to:						
Law Enforcement	-	-	-	-	-	11,897
Future Compensation Benefits	-	-	-	-	-	35,911
TOTAL FUND BALANCES	<u>\$ 22</u>	<u>\$ -</u>	<u>\$ 128,788</u>	<u>\$ 65,555</u>	<u>\$ 3,000</u>	<u>\$ 1,099,779</u>

(Concluded)

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

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Extension Office	Veterans' Service Officer	Total
BALANCES JULY 1, 2014	\$ 8,958	\$ 34,310	\$ 6,061	\$ 6,350	\$ 34	\$ 2,941	\$ 58,654
RECEIPTS							
Property Taxes	-	-	1,002	-	-	-	1,002
Licenses and Permits	-	-	660	-	-	-	660
Intergovernmental	-	-	53,478	-	-	-	53,478
Charges for Services	51,729	9,637	42,730	470	-	-	104,566
Miscellaneous	-	-	5,051	-	4	250	5,305
State Fees	38,318	11,434	381	-	-	-	50,133
Other Liabilities	380	233,284	51,978	8,815	-	-	294,457
TOTAL RECEIPTS	90,427	254,355	155,280	9,285	4	250	509,601
DISBURSEMENTS							
Payments to County Treasurer	52,539	11,342	99,300	550	13	-	163,744
Payments to State Treasurer	40,391	11,388	181	-	-	-	51,960
Other Liabilities	379	235,540	58,157	8,975	-	-	303,051
TOTAL DISBURSEMENTS	93,309	258,270	157,638	9,525	13	-	518,755
BALANCES JUNE 30, 2015	<u>\$ 6,076</u>	<u>\$ 30,395</u>	<u>\$ 3,703</u>	<u>\$ 6,110</u>	<u>\$ 25</u>	<u>\$ 3,191</u>	<u>\$ 49,500</u>
BALANCES CONSIST OF:							
Due to County Treasurer	\$ 3,957	\$ 754	\$ 2,503	\$ 1,153	\$ -	\$ 3,191	\$ 11,558
Petty Cash	-	-	1,000	-	25	-	1,025
Due to State Treasurer	2,119	440	200	-	-	-	2,759
Due to Others	-	29,201	-	4,957	-	-	34,158
BALANCES JUNE 30, 2015	<u>\$ 6,076</u>	<u>\$ 30,395</u>	<u>\$ 3,703</u>	<u>\$ 6,110</u>	<u>\$ 25</u>	<u>\$ 3,191</u>	<u>\$ 49,500</u>

NEMAHA 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	\$ 10,608,513	\$ 10,728,618	\$ 11,238,060	\$ 12,537,515	\$ 13,735,288
Personal and Specials	672,319	798,152	841,446	924,454	975,358
Total	11,280,832	11,526,770	12,079,506	13,461,969	14,710,646
Corrections					
Additions	5,729	11,170	11,894	7,679	700
Deductions	(7,287)	(16,471)	(13,843)	(4,192)	(4,964)
Net Additions/ (Deductions)	(1,558)	(5,301)	(1,949)	3,487	(4,264)
Corrected Certified Tax	11,279,274	11,521,469	12,077,557	13,465,456	14,706,382
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2011	6,849,897	-	-	-	-
June 30, 2012	4,409,140	6,997,693	-	-	-
June 30, 2013	9,869	4,512,457	7,407,077	-	-
June 30, 2014	9,486	5,195	4,669,977	8,437,438	-
June 30, 2015	394	622	6,994	5,015,006	9,193,217
Refunds			(11,562)		
Total Net Collections	11,278,786	11,515,967	12,072,486	13,452,444	9,193,217
Total Uncollected Tax	\$ 488	\$ 5,502	\$ 5,071	\$ 13,012	\$ 5,513,165
Percentage Uncollected Tax	0.00%	0.05%	0.04%	0.10%	37.49%

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



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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

Board of Commissioners
Nemaha County, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Nemaha County, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Nemaha County's basic financial statements, and have issued our report thereon dated August 17, 2015. The report notes the financial statements were prepared on the basis of cash receipts and disbursements and do not include the financial data of the Nemaha County Hospital, a component unit of Nemaha County.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Additional Items

We also noted certain matters that we reported to the management of Nemaha County in a separate letter dated August 17, 2015.

Nemaha County's Response to Findings

Nemaha County declined to respond to the finding described above.

Purpose of this Report

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



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

August 17, 2015



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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August 17, 2015

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, 2015, and have issued our report thereon dated August 17, 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.

CLERK OF THE DISTRICT COURT

Case Balances

During testing, we noted the following:

- Nineteen of 21 case balances tested, totaling \$17,253, were not current or actively reviewed by the office.
- Nineteen case balances, totaling \$2,536, tested in the prior year, had still not been actively reviewed or pursued.

Good internal control requires the Clerk of the District Court to have procedures in place that provide an ongoing, detailed review of the Monthly Case Balance Report. Without a regular review of the report, there is an increased risk that balances may not have proper follow-up action taken, or the balances may have been previously resolved and should no longer be reflected as owed or overdue in JUSTICE. This comment was also noted in the prior audit.

We recommend the Clerk of the District Court implement an ongoing, timely review of the financial reports to ensure timely collection and/or resolution of case balances.

Unclaimed Property

As of June 30, 2015, we noted two checks, totaling \$579, that were not properly remitted to the State Treasurer as unclaimed property.

The Uniform Disposition of Unclaimed Property Act (Act) is set out at Neb. Rev. Stat. § 69-1301 to 69-1329 (Reissue 2009, Cum. Supp. 2014). Section 69-1307.01 of the Act states that unclaimed intangible personal property held by public entities or political subdivisions for more than three years is presumed abandoned. Section 69-1310 requires that such items be reported to the Nebraska State Treasurer before November 1 of each year as of June 30 next proceeding.

When all unclaimed property is not remitted to the State Treasurer in accordance with the Act, the Clerk of the District Court is not in compliance with State statute. This comment was also noted in the prior audit.

We recommend the Clerk of the District Court remit all unclaimed property to the State Treasurer in accordance with State statute.

COUNTY SHERIFF

Sheriff Balancing Procedures

We noted office records indicate liabilities exceeded assets by \$533 as of June 30, 2015. The County Sheriff had a computer problem in 2010, which left old accounts receivable balances and outstanding checks included in the office records, resulting in inaccurate records. Additionally, we noted the following:

- The outstanding list of checks included 38 checks, totaling \$434, which were over three years old.
- The records indicate checks were written June 30, 2015, but were not presented to the County Treasurer until July 10, 2015.
- The County Sheriff maintains \$440 of his \$1,000 authorized Petty Cash in his bank account to make payments to vendors and reimburse employees for expenses. We noted two payments from the bank account for mileage reimbursement, totaling \$865 and \$655, which exceeded the authorized amount maintained in the bank account.

Failure to maintain current, accurate records and determine asset-to-liability balancing variances in a timely manner can result in an increased risk of loss, theft, or misuse of funds, allowing errors to go undetected more easily. Additionally, when petty cash disbursements are in excess of the authorized amount, the Sheriff is using fee collections to pay petty cash expenses. This comment has been noted in prior year audits.

We recommend the County Sheriff review all balances and outstanding checks in the accounting records and implement procedures to insure records reflect current and correct balances and dates. If outstanding checks are over three years old, they should be remitted to the State Treasurer as unclaimed property. We also recommend the County Sheriff's office implement procedures to ensure that petty cash disbursements do not exceed the authorized petty cash amount.

COUNTY ATTORNEY

Excess Balance

As of June 30, 2015, the County Attorney had an unknown trust balance of \$4,957.

This comment has been noted in prior year audits.

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

When all monies received are not appropriately accounted for, and there is a failure to determine asset-to-liability balancing variances, there is an increased risk of loss, theft, or misuse of funds, allowing errors to go undetected more easily.

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

Untimely Deposits

During our review of receipts in the County Attorney's office for the fiscal year ended June 30, 2015, we noted 18 receipts, totaling \$546, that were not deposited into a secured depository for a period of 10 to 41 days after the receipt date.

This comment has been noted in prior year audits.

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.

We recommend the County Attorney make deposits weekly or biweekly either in a secured depository or with the County Treasurer.

* * * * *

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. The County declined to respond.

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

Sincerely,


Deann Haeffner, CPA
Assistant Deputy Auditor