

**AUDIT REPORT
OF
NEMAHA COUNTY**

JULY 1, 2017, THROUGH JUNE 30, 2018

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the Auditor of Public Accounts.**

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Issued on October 9, 2018

NEMAHA COUNTY

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NEMAHA COUNTY
1824 N Street
Auburn, NE 68305

LIST OF COUNTY OFFICIALS
At June 30, 2018

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	Marvin Bohling	Jan. 2019
	Bob Hutton	Jan. 2019
	Bryan Mellage	Jan. 2021
Assessor	Mallory Lempka	Jan. 2019
Attorney	Louie Ligouri	Jan. 2019
Clerk Election Commissioner Register of Deeds	Joyce Oakley	Jan. 2019
Clerk of the District Court	Amy Hector	Jan. 2019
Sheriff	Brent Lottman	Jan. 2019
Treasurer	Patricia Holtzman	Jan. 2019
Veterans' Service Officer	Jim Reed	Appointed
Weed Superintendent	Tim Lyons	Appointed
Surveyor	Tom Catlett	Appointed
Emergency Manager	Renee Critser	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, 2018, 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, 2018, 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, 2018, 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

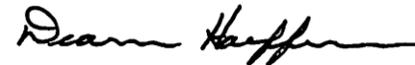
Our audit was conducted for the purpose of forming opinions on the financial statements as a whole, which collectively comprise the County’s basic financial statements. The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes 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, schedule of taxes certified and collected, pages 19-32, 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 October 4, 2018, 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.

October 4, 2018



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

NEMAHA COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2018

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 5,356,663
TOTAL ASSETS	\$ 5,356,663
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 46,842
911 Emergency Services	223,253
Preservation of Records	2,149
Debt Service	403,791
Bridge and Road Projects	490,267
Unrestricted	4,190,361
TOTAL NET POSITION	\$ 5,356,663

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, 2018

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	\$ (1,738,883)	\$ 344,852	\$ 41,535	\$ (1,352,496)
Public Safety	(1,831,369)	432,311	92,310	(1,306,748)
Public Works	(2,508,681)	-	1,047,525	(1,461,156)
Public Assistance	(23,941)	-	-	(23,941)
Culture and Recreation	(12,094)	-	-	(12,094)
Debt Payments	(346,416)	-	-	(346,416)
Total Governmental Activities	\$ (6,461,384)	\$ 777,163	\$ 1,181,370	(4,502,851)

General Receipts:

Property Taxes	3,746,415
Grants and Contributions Not Restricted to Specific Programs	1,035,420
Investment Income	18,573
Licenses and Permits	22,344
Bond Reimbursement	344,803
Miscellaneous	57,474
Total General Receipts	5,225,029
 Increase in Net Position	 722,178
Net Position - Beginning of year	4,634,485
Net Position - End of year	\$ 5,356,663

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, 2018

	<u>General Fund</u>	<u>Road Fund</u>	<u>Inheritance Fund</u>	<u>Road Bridge Improvement Fund</u>	<u>County Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and Cash Equivalents (Note 1.D)	\$ 519,144	\$ 452,776	\$ 610,019	\$ 1,139,974	\$ 1,283,562	\$ 1,351,188	\$ 5,356,663
TOTAL ASSETS	<u>\$ 519,144</u>	<u>\$ 452,776</u>	<u>\$ 610,019</u>	<u>\$ 1,139,974</u>	<u>\$ 1,283,562</u>	<u>\$ 1,351,188</u>	<u>\$ 5,356,663</u>
FUND BALANCES							
Restricted for:							
Visitor Promotion	-	-	-	-	-	46,842	46,842
911 Emergency Services	-	-	-	-	-	223,253	223,253
Preservation of Records	-	-	-	-	-	2,149	2,149
Debt Service	-	-	-	-	-	403,791	403,791
Bridge and Road Projects	-	-	-	-	-	490,267	490,267
Committed to:							
Law Enforcement	-	-	-	-	-	12,787	12,787
Road Maintenance	-	452,776	-	1,139,974	-	34,761	1,627,511
County Buildings	-	-	-	-	1,283,562	-	1,283,562
Future Compensation Benefits	-	-	-	-	-	17,792	17,792
911 Emergency Services	-	-	-	-	-	1,546	1,546
Other Capital Projects	-	-	-	-	-	118,000	118,000
Assigned to:							
Other Purposes	-	-	610,019	-	-	-	610,019
Unassigned	519,144	-	-	-	-	-	519,144
TOTAL CASH BASIS FUND BALANCES	<u>\$ 519,144</u>	<u>\$ 452,776</u>	<u>\$ 610,019</u>	<u>\$ 1,139,974</u>	<u>\$ 1,283,562</u>	<u>\$ 1,351,188</u>	<u>\$ 5,356,663</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, 2018

	General Fund	Road Fund	Inheritance Fund	Road Bridge Improvement Fund	County Building Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS							
Property Taxes	\$3,467,532	\$ -	\$ 180,009	\$ -	\$ -	\$ 98,874	\$ 3,746,415
Licenses and Permits	22,344	-	-	-	-	-	22,344
Investment Income	17,375	-	-	-	-	1,198	18,573
Intergovernmental	500,606	1,048,109	-	403,157	-	264,918	2,216,790
Charges for Services	761,281	-	-	-	-	15,882	777,163
Miscellaneous	29,610	19,264	8,600	-	-	344,803	402,277
TOTAL RECEIPTS	<u>4,798,748</u>	<u>1,067,373</u>	<u>188,609</u>	<u>403,157</u>	<u>-</u>	<u>725,675</u>	<u>7,183,562</u>
DISBURSEMENTS							
General Government	1,665,017	-	-	-	68,818	5,048	1,738,883
Public Safety	1,763,694	-	-	-	-	67,675	1,831,369
Public Works	473	2,161,399	-	304,513	-	42,296	2,508,681
Public Assistance	23,941	-	-	-	-	-	23,941
Culture and Recreation	-	-	-	-	-	12,094	12,094
Debt Service:							
Principal Payments	-	-	-	-	-	344,303	344,303
Interest and Fiscal Charges	-	-	-	-	-	2,113	2,113
TOTAL DISBURSEMENTS	<u>3,453,125</u>	<u>2,161,399</u>	<u>-</u>	<u>304,513</u>	<u>68,818</u>	<u>473,529</u>	<u>6,461,384</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,345,623</u>	<u>(1,094,026)</u>	<u>188,609</u>	<u>98,644</u>	<u>(68,818)</u>	<u>252,146</u>	<u>722,178</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	1,261,831	45,000	-	465,000	204,401	1,976,232
Transfers out	(1,336,538)	-	(478,000)	(77,345)	-	(84,349)	(1,976,232)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,336,538)</u>	<u>1,261,831</u>	<u>(433,000)</u>	<u>(77,345)</u>	<u>465,000</u>	<u>120,052</u>	<u>-</u>
Net Change in Fund Balances	9,085	167,805	(244,391)	21,299	396,182	372,198	722,178
CASH BASIS FUND BALANCES - BEGINNING							
	510,059	284,971	854,410	1,118,675	887,380	978,990	4,634,485
CASH BASIS FUND BALANCES - ENDING							
	<u>\$ 519,144</u>	<u>\$ 452,776</u>	<u>\$ 610,019</u>	<u>\$ 1,139,974</u>	<u>\$1,283,562</u>	<u>\$ 1,351,188</u>	<u>\$ 5,356,663</u>

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

NEMAHA COUNTY
STATEMENT OF CASH BASIS NET POSITION
FIDUCIARY FUNDS
June 30, 2018

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 676,036
 LIABILITIES	
Due to other governments	
State	136,323
Schools	436,104
Educational Service Units	2,654
Technical College	16,044
Natural Resource Districts	5,207
Fire Districts	4,989
Municipalities	33,881
Agricultural Society	785
Drainage Districts	26,505
Others	13,544
TOTAL LIABILITIES	676,036
 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, 2018

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

Joint Organization.

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

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$12,901 toward the operation of the Region during fiscal year 2018. 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.

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Health Department – The County has entered into an agreement with the Southeast District Health Department (Department) to provide public health services. The agreement was established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636 (Reissue 2009, Cum. Supp. 2016, Supp. 2017).

The Department’s governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. The County did not contribute toward the operation of the Department during fiscal year 2018. 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) (Supp. 2017). Financial information for the Department is available in that report.

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

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

B. Basis of Presentation

Government-Wide Financial Statements. The Statement of Net Position - Cash Basis and Statement of Activities - Cash Basis display information about the activities of the County and are in the format of government-wide statements, as required by GASB Statement Number 34. These statements include all the financial activities of the County, 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.

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

The County reports the following major governmental funds:

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

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

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

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

County Building Funds. 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.

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

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

The County designates fund balances as follows:

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

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

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

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

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The accounting records of the County are maintained and the government-wide financial statements were reported on the basis of cash receipts and disbursements. As such, the measurement focus includes only those assets and fund balances arising from cash transactions on the Statement of Net Position - 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 \$1,166,302 of restricted net position, which is fully restricted by enabling legislation.

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

NEMAHA 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.

Excess of Disbursements Over Appropriations. For the year ended June 30, 2018, disbursements exceeded budgeted appropriations in the General Miscellaneous function of the General Fund by \$83,172, and in the 911 Emergency Communication Study Agreement Fund by \$7,135. These over expenditures were funded by the available fund balance in the 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 \$5,356,663 for County funds and \$676,036 for Fiduciary funds. The bank balances for all funds totaled \$6,117,729. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2018, 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.

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. Property Taxes (Concluded)

The levy set in October 2017, for the 2017 taxes, which will be materially collected in May and September 2018, was set at \$.299956/\$100 of assessed valuation. The levy set in October 2016, for the 2016 taxes, which were materially collected in May and September 2017, was set at \$.294248/\$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 (Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2012, Cum. Supp. 2016, Supp. 2017) 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. The Plan's financial statements, including pension costs and obligations, are audited annually and can be obtained from the State of Nebraska Public Employees Retirement System.

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, 2018, 73 employees contributed \$106,303, and the County contributed \$156,715. Contributions included \$5,532 in cash contributions towards the supplemental law enforcement plan for 13 law enforcement employees. Lastly, the County paid \$432 directly to six retired employees for prior service benefits.

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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 94 counties and local governments throughout Nebraska.

The County pays an annual deposit premium, as calculated by the administrator of the pool. The premium is based on the losses and exposures of each County and the entire pool. If the pool becomes insolvent or otherwise unable to discharge its legal liabilities and obligations, the County may be assessed for an additional contribution. Each county remains liable for such assessments, regardless of such county's withdrawal from participation or the termination of the agreement, as well as for liabilities of the pool incurred during such county's period of membership.

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

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

The County has not paid any additional assessments to the pool or paid out any amounts that exceeded coverage provided by the pool in the last three fiscal years. There were no significant reductions in insurance coverage from the prior year coverage.

6. Interfund Transfers

Interfund transfers for the year ended June 30, 2018, consisted of the following:

Transfers to	Transfers from				Total
	General Fund	Inheritance Fund	Road Bridge Improvement Fund	Nonmajor Funds	
Road Fund	\$ 1,184,486	\$ -	\$ 77,345	\$ -	\$ 1,261,831
Inheritance Fund	45,000	-	-	-	45,000
County Building	65,000	400,000	-	-	465,000
Nonmajor Funds	42,052	78,000	-	84,349	204,401
Total	\$ 1,336,538	\$ 478,000	\$ 77,345	\$ 84,349	\$ 1,976,232

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. During the fiscal year, the County made a transfer from the Road Bridge Improvement Fund to the Road Fund to reimburse for disbursements paid from the Road Fund.

7. Long-Term Debt

The County issued bonds in November 2013 in the amount of \$1,990,000 for the purpose of providing payment and redemption of Series 2004 Hospital Bonds. The bond payable balance, as of April 30, 2018, was \$680,000. 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, 2018, 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
2019	\$ 340,000	\$ 6,059	\$ 346,059
2020	340,000	2,535	342,535
Total Payments	<u>\$ 680,000</u>	<u>\$ 8,594</u>	<u>\$ 688,594</u>

NEMAHA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 3,676,122	\$ 3,676,122	\$ 3,467,532	\$ (208,590)
Licenses and Permits	21,000	21,000	22,344	1,344
Interest	12,025	12,025	17,375	5,350
Intergovernmental	308,087	308,087	500,606	192,519
Charges for Services	684,516	684,516	761,281	76,765
Miscellaneous	32,006	32,006	29,610	(2,396)
TOTAL RECEIPTS	<u>4,733,756</u>	<u>4,733,756</u>	<u>4,798,748</u>	<u>64,992</u>
DISBURSEMENTS				
General Government:				
County Board	76,958	76,958	74,565	2,393
County Clerk	129,146	129,146	127,366	1,780
County Treasurer	134,124	134,124	132,939	1,185
County Assessor	159,980	159,980	154,049	5,931
Election Commissioner	20,900	20,900	15,396	5,504
Clerk of the District Court	76,868	76,868	74,504	2,364
County Court System	3,600	3,600	2,116	1,484
District Judge	55,094	55,094	52,191	2,903
Building and Grounds	222,328	222,328	201,529	20,799
Agricultural Extension Agent	69,192	69,192	62,797	6,395
Miscellaneous	1,030,936	1,030,936	767,565	263,371
Public Safety				
County Sheriff	999,128	999,128	862,290	136,838
County Attorney	157,935	157,935	151,898	6,037
Communication Center	276,718	276,718	222,211	54,507
County Jail	443,840	443,840	404,033	39,807
Emergency Management	129,123	129,123	98,416	30,707
Child Support	25,350	25,350	24,846	504
Public Works				
County Surveyor	800	800	473	327
Public Assistance				
Veterans' Service Officer	23,800	23,800	16,564	7,236
Relief	13,000	13,000	4,314	8,686
Institutions	5,000	5,000	3,063	1,937
TOTAL DISBURSEMENTS	<u>4,053,820</u>	<u>4,053,820</u>	<u>3,453,125</u>	<u>600,695</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS				
	<u>679,936</u>	<u>679,936</u>	<u>1,345,623</u>	<u>665,687</u>

NEMAHA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>(989,995)</u>	<u>(989,995)</u>	<u>(1,336,538)</u>	<u>(346,543)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(989,995)</u>	<u>(989,995)</u>	<u>(1,336,538)</u>	<u>(346,543)</u>
Net Change in Fund Balance	(310,059)	(310,059)	9,085	319,144
FUND BALANCE - BEGINNING	<u>510,059</u>	<u>510,059</u>	<u>510,059</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ 200,000</u></u>	<u><u>\$ 200,000</u></u>	<u><u>\$ 519,144</u></u>	<u><u>\$ 319,144</u></u>

(Concluded)

NEMAHA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 1,070,500	\$ 1,070,500	\$ 1,048,109	\$ (22,391)
Miscellaneous	-	-	19,264	19,264
TOTAL RECEIPTS	1,070,500	1,070,500	1,067,373	(3,127)
DISBURSEMENTS	2,304,466	2,304,466	2,161,399	143,067
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(1,233,966)	(1,233,966)	(1,094,026)	139,940
OTHER FINANCING SOURCES (USES)				
Transfers in	958,995	958,995	1,261,831	302,836
Transfers out	(10,000)	(10,000)	-	10,000
TOTAL OTHER FINANCING SOURCES (USES)	948,995	948,995	1,261,831	312,836
Net Change in Fund Balance	(284,971)	(284,971)	167,805	452,776
FUND BALANCE - BEGINNING	284,971	284,971	284,971	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 452,776</u>	<u>\$ 452,776</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ -	\$ -	\$ 180,009	\$ 180,009
Miscellaneous	-	-	8,600	8,600
TOTAL RECEIPTS	-	-	188,609	188,609
DISBURSEMENTS	884,410	884,410	-	884,410
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(884,410)	(884,410)	188,609	1,073,019
OTHER FINANCING SOURCES (USES)				
Transfers in	30,000	30,000	45,000	15,000
Transfers out	-	-	(478,000)	(478,000)
TOTAL OTHER FINANCING SOURCES (USES)	30,000	30,000	(433,000)	(463,000)
Net Change in Fund Balance	(854,410)	(854,410)	(244,391)	610,019
FUND BALANCE - BEGINNING	854,410	854,410	854,410	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 610,019</u>	<u>\$ 610,019</u>

(Continued)

NEMAHA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>ROAD BRIDGE IMPROVEMENT FUND</u>				
RECEIPTS				
Intergovernmental	\$ -	\$ -	\$ 403,157	\$ 403,157
TOTAL RECEIPTS	<u>-</u>	<u>-</u>	<u>403,157</u>	<u>403,157</u>
DISBURSEMENTS	<u>1,118,675</u>	<u>1,118,675</u>	<u>304,513</u>	<u>814,162</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(1,118,675)</u>	<u>(1,118,675)</u>	<u>98,644</u>	<u>1,217,319</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(77,345)	(77,345)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(77,345)</u>	<u>(77,345)</u>
Net Change in Fund Balance	(1,118,675)	(1,118,675)	21,299	1,139,974
FUND BALANCE - BEGINNING	<u>1,118,675</u>	<u>1,118,675</u>	<u>1,118,675</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,139,974</u>	<u>\$ 1,139,974</u>
<u>COUNTY BUILDING FUND</u>				
RECEIPTS				
TOTAL RECEIPTS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DISBURSEMENTS	<u>887,380</u>	<u>887,380</u>	<u>68,818</u>	<u>818,562</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(887,380)</u>	<u>(887,380)</u>	<u>(68,818)</u>	<u>818,562</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	465,000	465,000
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>465,000</u>	<u>465,000</u>
Net Change in Fund Balance	(887,380)	(887,380)	396,182	1,283,562
FUND BALANCE - BEGINNING	<u>887,380</u>	<u>887,380</u>	<u>887,380</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,283,562</u>	<u>\$ 1,283,562</u>

(Concluded)

NEMAHA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD EQUIPMENT FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(77,057)	(77,057)	(42,296)	34,761
Net Change in Fund Balance	(77,057)	(77,057)	(42,296)	34,761
Fund Balance - Beginning	77,057	77,057	77,057	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,761</u>	<u>\$ 34,761</u>
HIGHWAY BRIDGE BUYBACK PROGRAM FUND				
Receipts	\$ 400,000	\$ 400,000	\$ 245,987	\$ (154,013)
Disbursements	(644,280)	(644,280)	-	644,280
Net Change in Fund Balance	(244,280)	(244,280)	245,987	490,267
Fund Balance - Beginning	244,280	244,280	244,280	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 490,267</u>	<u>\$ 490,267</u>
COUNTY VISITOR'S PROMOTION FUND				
Receipts	\$ 10,000	\$ 10,000	\$ 10,760	\$ 760
Disbursements	(27,627)	(27,627)	(7,594)	20,033
Net Change in Fund Balance	(17,627)	(17,627)	3,166	20,793
Fund Balance - Beginning	17,627	17,627	17,627	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,793</u>	<u>\$ 20,793</u>
COUNTY VISITOR'S IMPROVEMENT FUND				
Receipts	\$ 10,000	\$ 10,000	\$ 10,760	\$ 760
Disbursements	(29,789)	(29,789)	(4,500)	25,289
Net Change in Fund Balance	(19,789)	(19,789)	6,260	26,049
Fund Balance - Beginning	19,789	19,789	19,789	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,049</u>	<u>\$ 26,049</u>
PRESERVATION AND MODERNIZATION FUND				
Receipts	\$ 5,000	\$ 5,000	\$ 5,438	\$ 438
Disbursements	(6,417)	(6,417)	(4,706)	1,711
Net Change in Fund Balance	(1,417)	(1,417)	732	2,149
Fund Balance - Beginning	1,417	1,417	1,417	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,149</u>	<u>\$ 2,149</u>

(Continued)

NEMAHA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VACATION / SICK LEAVE CLAIM RESERVE FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(28,134)	(28,134)	(342)	27,792
Transfers in	10,000	10,000	-	(10,000)
Transfers out	-	-	-	-
Net Change in Fund Balance	(18,134)	(18,134)	(342)	17,792
Fund Balance - Beginning	18,134	18,134	18,134	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,792</u>	<u>\$ 17,792</u>
DIVERSION PROGRAM STOP FUND				
Receipts	\$ 4,000	\$ 4,000	\$ 4,050	\$ 50
Disbursements	(12,287)	(12,287)	(10,082)	2,205
Net Change in Fund Balance	(8,287)	(8,287)	(6,032)	2,255
Fund Balance - Beginning	8,287	8,287	8,287	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,255</u>	<u>\$ 2,255</u>
DRUG COALITION FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(1,219)	(1,219)	(401)	818
Transfers in	1,000	1,000	1,000	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(219)	(219)	599	818
Fund Balance - Beginning	219	219	219	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 818</u>	<u>\$ 818</u>
FEDERAL DRUG LAW ENFORCEMENT FORFEITURE FUND				
Receipts	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Disbursements	(10,000)	(10,000)	-	10,000
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
CANINE (K-9) DOG FUND				
Receipts	\$ 12,000	\$ 12,000	\$ -	\$ (12,000)
Disbursements	(12,180)	(12,180)	-	12,180
Net Change in Fund Balance	(180)	(180)	-	180
Fund Balance - Beginning	180	180	180	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 180</u>	<u>\$ 180</u>

(Continued)

NEMAHA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
FEDERAL CRIME GRANT FUND				
Receipts	\$ 1,471	\$ 1,471	\$ -	\$ (1,471)
Disbursements	(1,471)	(1,471)	-	1,471
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
911 EMERGENCY MANAGEMENT FUND				
Receipts	\$ 280,000	\$ 280,000	\$ 29,347	\$ (250,653)
Disbursements	(344,740)	(344,740)	(21,873)	322,867
Transfers in	3,000	3,000	12,150	9,150
Transfers out	-	-	(12,000)	(12,000)
Net Change in Fund Balance	(61,740)	(61,740)	7,624	69,364
Fund Balance - Beginning	61,740	61,740	61,740	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,364</u>	<u>\$ 69,364</u>
911 WIRELESS SERVICE FUND				
Receipts	\$ 48,007	\$ 48,007	\$ 48,007	\$ -
Disbursements	(45,350)	(45,350)	(16,424)	28,926
Transfers in	-	-	-	-
Transfers out	(31,273)	(31,273)	(60,199)	(28,926)
Net Change in Fund Balance	(28,616)	(28,616)	(28,616)	-
Fund Balance - Beginning	28,616	28,616	28,616	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
911 WIRELESS SERVICE HOLDING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(125,113)	(125,113)	-	125,113
Transfers in	31,273	31,273	60,199	28,926
Transfers out	-	-	(150)	(150)
Net Change in Fund Balance	(93,840)	(93,840)	60,049	153,889
Fund Balance - Beginning	93,840	93,840	93,840	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,889</u>	<u>\$ 153,889</u>
LAW ENFORCEMENT OPERATING FUND				
Receipts	\$ -	\$ -	\$ 6,000	\$ 6,000
Disbursements	-	-	-	-
Transfers in	-	-	1,052	1,052
Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	7,052	7,052
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,052</u>	<u>\$ 7,052</u>

NEMAHA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
JAIL COMMISSARY FUND				
Receipts	\$ 5,000	\$ 5,000	\$ 4,444	\$ (556)
Disbursements	(6,286)	(6,286)	(3,248)	3,038
Net Change in Fund Balance	(1,286)	(1,286)	1,196	2,482
Fund Balance - Beginning	1,286	1,286	1,286	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,482</u>	<u>\$ 2,482</u>
HOSPITAL BOND ACCOUNT FUND				
Receipts	\$ 345,210	\$ 345,210	\$ 346,001	\$ 791
Disbursements	(749,416)	(749,416)	(346,416)	403,000
Net Change in Fund Balance	(404,206)	(404,206)	(415)	403,791
Fund Balance - Beginning	404,206	404,206	404,206	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 403,791</u>	<u>\$ 403,791</u>
911 EMERGENCY COMM. STUDY AGREEMENT FUND				
Receipts	\$ 18,200	\$ 18,200	\$ 14,881	\$ (3,319)
Disbursements	(17,512)	(17,512)	(15,647)	1,865
Transfers in	-	-	12,000	12,000
Transfers out	(3,000)	(3,000)	(12,000)	(9,000)
Net Change in Fund Balance	(2,312)	(2,312)	(766)	1,546
Fund Balance - Beginning	2,312	2,312	2,312	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,546</u>	<u>\$ 1,546</u>
OTHER CAPITAL PROJECTS FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	-	-	-	-
Transfers in	-	-	118,000	118,000
Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	118,000	118,000
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,000</u>	<u>\$ 118,000</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, 2018

	Road Equipment Fund	Highway Bridge Buyback Program Fund	County Visitor's Promotion Fund	County Visitor's Improvement Fund	Preservation and Modernization Fund
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ 10,760	\$ 10,760	\$ -
Investment Income	-	-	-	-	-
Intergovernmental	-	245,987	-	-	-
Charges for Services	-	-	-	-	5,438
Miscellaneous	-	-	-	-	-
TOTAL RECEIPTS	<u>-</u>	<u>245,987</u>	<u>10,760</u>	<u>10,760</u>	<u>5,438</u>
DISBURSEMENTS					
General Government	-	-	-	-	4,706
Public Safety	-	-	-	-	-
Public Works	42,296	-	-	-	-
Culture and Recreation	-	-	7,594	4,500	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>42,296</u>	<u>-</u>	<u>7,594</u>	<u>4,500</u>	<u>4,706</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(42,296)</u>	<u>245,987</u>	<u>3,166</u>	<u>6,260</u>	<u>732</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(42,296)	245,987	3,166	6,260	732
FUND BALANCES - BEGINNING	<u>77,057</u>	<u>244,280</u>	<u>17,627</u>	<u>19,789</u>	<u>1,417</u>
FUND BALANCES - ENDING	<u>\$ 34,761</u>	<u>\$ 490,267</u>	<u>\$ 20,793</u>	<u>\$ 26,049</u>	<u>\$ 2,149</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	20,793	26,049	-
911 Emergency Services	-	-	-	-	-
Preservation of Records	-	-	-	-	2,149
Debt Service	-	-	-	-	-
Bridge and Road Projects	-	490,267	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Road Maintenance	34,761	-	-	-	-
Future Compensation Benefits	-	-	-	-	-
911 Emergency Services	-	-	-	-	-
Other Capital Projects	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 34,761</u>	<u>\$ 490,267</u>	<u>\$ 20,793</u>	<u>\$ 26,049</u>	<u>\$ 2,149</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, 2018

	Vacation / Sick Leave Claim Reserve Fund	Diversion Program STOP Fund	Drug Coalition Fund	Federal Drug Law Enforcement Forfeiture Fund	Canine (K-9) Dog Fund
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Income	-	-	-	-	-
Intergovernmental	-	4,050	-	-	-
Charges for Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
TOTAL RECEIPTS	<u>-</u>	<u>4,050</u>	<u>-</u>	<u>-</u>	<u>-</u>
DISBURSEMENTS					
General Government	342	-	-	-	-
Public Safety	-	10,082	401	-	-
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>342</u>	<u>10,082</u>	<u>401</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(342)</u>	<u>(6,032)</u>	<u>(401)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	1,000	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(342)	(6,032)	599	-	-
FUND BALANCES - BEGINNING	<u>18,134</u>	<u>8,287</u>	<u>219</u>	<u>-</u>	<u>180</u>
FUND BALANCES - ENDING	<u>\$ 17,792</u>	<u>\$ 2,255</u>	<u>\$ 818</u>	<u>\$ -</u>	<u>\$ 180</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	-	-	-	-	-
Preservation of Records	-	-	-	-	-
Debt Service	-	-	-	-	-
Bridge and Road Projects	-	-	-	-	-
Committed to:					
Law Enforcement	-	2,255	818	-	180
Road Maintenance	-	-	-	-	-
Future Compensation Benefits	17,792	-	-	-	-
911 Emergency Services	-	-	-	-	-
Other Capital Projects	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 17,792</u>	<u>\$ 2,255</u>	<u>\$ 818</u>	<u>\$ -</u>	<u>\$ 180</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, 2018

	Federal Crime Grant Fund	911 Emergency Management Fund	911 Wireless Service Fund	911 Wireless Service Holding Fund	Law Enforcement Operating Fund
RECEIPTS					
Property Taxes	\$ -	\$ 29,347	\$48,007	\$ -	\$ -
Investment Income	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for Services	-	-	-	-	6,000
Miscellaneous	-	-	-	-	-
TOTAL RECEIPTS	<u>-</u>	<u>29,347</u>	<u>48,007</u>	<u>-</u>	<u>6,000</u>
DISBURSEMENTS					
General Government	-	-	-	-	-
Public Safety	-	21,873	16,424	-	-
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>21,873</u>	<u>16,424</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>-</u>	<u>7,474</u>	<u>31,583</u>	<u>-</u>	<u>6,000</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	12,150	-	60,199	1,052
Transfers out	-	(12,000)	(60,199)	(150)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>150</u>	<u>(60,199)</u>	<u>60,049</u>	<u>1,052</u>
Net Change in Fund Balances	-	7,624	(28,616)	60,049	7,052
FUND BALANCES - BEGINNING	<u>-</u>	<u>61,740</u>	<u>28,616</u>	<u>93,840</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ 69,364</u>	<u>\$ -</u>	<u>\$ 153,889</u>	<u>\$ 7,052</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	-	69,364	-	153,889	-
Preservation of Records	-	-	-	-	-
Debt Service	-	-	-	-	-
Bridge and Road Projects	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	7,052
Road Maintenance	-	-	-	-	-
Future Compensation Benefits	-	-	-	-	-
911 Emergency Services	-	-	-	-	-
Other Capital Projects	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ -</u>	<u>\$ 69,364</u>	<u>\$ -</u>	<u>\$ 153,889</u>	<u>\$ 7,052</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, 2018

	Jail Commissary Fund	Hospital Bond Account Fund	911 Emergency Comm. Study Agreement Fund	Other Capital Projects Fund	Total Nonmajor Governmental Funds
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 98,874
Investment Income	-	1,198	-	-	1,198
Intergovernmental	-	-	14,881	-	264,918
Charges for Services	4,444	-	-	-	15,882
Miscellaneous	-	344,803	-	-	344,803
TOTAL RECEIPTS	<u>4,444</u>	<u>346,001</u>	<u>14,881</u>	<u>-</u>	<u>725,675</u>
DISBURSEMENTS					
General Government	-	-	-	-	5,048
Public Safety	3,248	-	15,647	-	67,675
Public Works	-	-	-	-	42,296
Culture and Recreation	-	-	-	-	12,094
Debt Service:					
Principal Payments	-	344,303	-	-	344,303
Interest and Fiscal Charges	-	2,113	-	-	2,113
TOTAL DISBURSEMENTS	<u>3,248</u>	<u>346,416</u>	<u>15,647</u>	<u>-</u>	<u>473,529</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,196</u>	<u>(415)</u>	<u>(766)</u>	<u>-</u>	<u>252,146</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	12,000	118,000	204,401
Transfers out	-	-	(12,000)	-	(84,349)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,000</u>	<u>120,052</u>
Net Change in Fund Balances	1,196	(415)	(766)	118,000	372,198
FUND BALANCES - BEGINNING	<u>1,286</u>	<u>404,206</u>	<u>2,312</u>	<u>-</u>	<u>978,990</u>
FUND BALANCES - ENDING	<u>\$ 2,482</u>	<u>\$ 403,791</u>	<u>\$ 1,546</u>	<u>\$ 118,000</u>	<u>\$ 1,351,188</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	46,842
911 Emergency Services	-	-	-	-	223,253
Preservation of Records	-	-	-	-	2,149
Debt Service	-	403,791	-	-	403,791
Bridge and Road Projects	-	-	-	-	490,267
Committed to:					
Law Enforcement	2,482	-	-	-	12,787
Road Maintenance	-	-	-	-	34,761
Future Compensation Benefits	-	-	-	-	17,792
911 Emergency Services	-	-	1,546	-	1,546
Other Capital Projects	-	-	-	118,000	118,000
TOTAL FUND BALANCES	<u>\$ 2,482</u>	<u>\$ 403,791</u>	<u>\$ 1,546</u>	<u>\$ 118,000</u>	<u>\$ 1,351,188</u>

(Concluded)

NEMAHA COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2018

	County Clerk	County Board	Clerk of the District Court	County Sheriff	County Attorney	Extension Office	Veterans' Service Officer	Total
BALANCES JULY 1, 2017	\$ 13,761	\$ 5,000	\$ 26,793	\$ 9,017	\$ 6,024	\$ 25	\$ 3,191	\$ 63,811
RECEIPTS								
Property Taxes	-	-	-	5,544	-	-	-	5,544
Licenses and Permits	1,482	-	-	715	-	-	-	2,197
Intergovernmental	-	-	-	51,664	-	-	-	51,664
Charges for Services	54,205	-	13,261	59,222	350	-	-	127,038
Miscellaneous	-	-	-	4,949	-	11	75	5,035
State Fees	52,732	-	11,926	421	-	-	-	65,079
Other Liabilities	206	-	171,568	86,062	3,910	-	-	261,746
TOTAL RECEIPTS	108,625	-	196,755	208,577	4,260	11	75	518,303
DISBURSEMENTS								
Payments to County Treasurer	58,513	-	12,535	117,931	420	11	-	189,410
Payments to State Treasurer	56,427	-	11,897	421	-	-	-	68,745
Other Liabilities	206	-	182,972	88,032	2,920	-	-	274,130
TOTAL DISBURSEMENTS	115,146	-	207,404	206,384	3,340	11	-	532,285
BALANCES JUNE 30, 2018	<u>\$ 7,240</u>	<u>\$ 5,000</u>	<u>\$ 16,144</u>	<u>\$ 11,210</u>	<u>\$ 6,944</u>	<u>\$ 25</u>	<u>\$ 3,266</u>	<u>\$ 49,829</u>
BALANCES CONSIST OF:								
Due to County Treasurer	\$ 3,546	\$ -	\$ 1,567	\$ 8,422	\$ 1,144	\$ -	\$ 3,266	\$ 17,945
Petty Cash	-	5,000	-	2,500	-	25	-	7,525
Due to State Treasurer	3,694	-	909	-	-	-	-	4,603
Due to Others	-	-	13,668	288	5,800	-	-	19,756
BALANCES JUNE 30, 2018	<u>\$ 7,240</u>	<u>\$ 5,000</u>	<u>\$ 16,144</u>	<u>\$ 11,210</u>	<u>\$ 6,944</u>	<u>\$ 25</u>	<u>\$ 3,266</u>	<u>\$ 49,829</u>

NEMAHA COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2018

Item	2013	2014	2015	2016	2017
Tax Certified by Assessor					
Real Estate	\$ 12,537,515	\$ 13,735,288	\$ 14,621,032	\$ 14,952,891	\$ 14,931,468
Personal and Specials	924,454	975,358	990,508	865,303	841,344
Total	13,461,969	14,710,646	15,611,540	15,818,194	15,772,812
Corrections					
Additions	10,924	4,271	8,583	4,524	4,060
Deductions	(4,243)	(6,955)	(7,955)	(9,853)	(10,583)
Net Additions/ (Deductions)	6,681	(2,684)	628	(5,329)	(6,523)
Corrected Certified Tax	13,468,650	14,707,962	15,612,168	15,812,865	15,766,289
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2014	8,437,438	-	-	-	-
June 30, 2015	5,015,006	9,193,217	-	-	-
June 30, 2016	9,488	5,493,902	9,571,426	-	-
June 30, 2017	4,478	15,088	6,021,217	9,704,035	-
June 30, 2018	104	1,796	11,145	6,077,704	9,855,874
Total Net Collections	13,466,514	14,704,003	15,603,788	15,781,739	9,855,874
Total Uncollected Tax	\$ 2,136	\$ 3,959	\$ 8,380	\$ 31,126	\$ 5,910,415
Percentage Uncollected Tax	0.02%	0.03%	0.05%	0.20%	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, 2018, and the related notes to the financial statements, which collectively comprise Nemaha County's basic financial statements, and have issued our report thereon dated October 4, 2018. 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 and other deficiencies that we consider to be significant deficiencies.

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 October 4, 2018.

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

October 4, 2018



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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October 4, 2018

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, 2018, and have issued our report thereon dated October 4, 2018. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

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

COUNTY OVERALL

Segregation of Duties

We noted the offices of the County each lacked a segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. A lack of segregation of duties increases the risk of possible errors or irregularities; however, due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost. This was also noted in prior audits.

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 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.

Leave Balance Review and Policies

During our audit, we noted the following issues regarding employee leave balance procedures and policies:

- For one employee tested, sick leave was used by the employee prior to being earned, resulting in a negative sick leave balance of 16.75 hours as of January 2018.
- The Board is not reviewing the leave balances twice a year in accordance with the County's policy.
- The County Employee Handbook (Handbook) included two different amounts for allowable vacation leave carry over hours. The Handbook stated in one paragraph that 80 hours of vacation leave could be carried over, while another paragraph stated that 40 hours could be carried over. An updated version of the vacation leave was included in the County Clerk's employee handbook noting 80 hours of vacation leave may be carried over each year at the employee's hire date; however, it does not appear this change was approved by the County Board.
- Accumulated leave balances were not being tracked for the County Assessor's office employees.
- The County Clerk did not maintain a running balance of leave for several offices, but reconciled the leave at the end of the calendar year.

The Handbook states, in relevant part:

Vacation is given at 10 days per year for the 2nd through 5th year of employment. After completion of 5 years of continuous employment, 15 days is given. No more than 10 days of vacation is carried over per year.

* * * *

In order to encourage the use of vacation time, employees may accumulate and carry over one week vacation (5 days) from one year to the next.

(Emphasis added.) The Board of Commissioners established a policy regarding review of accumulated leave balances at the March 14, 2012, Board meeting, as follows:

[A]ll County Officials and Office Directors must report their employee's total number of accumulated hours of earned comp time, number of accumulated sick leave days and number of vacation days to the [Board of Commissioners] BOC on February 1st and July 1st of each year.

Good internal controls and sound accounting practices require the County Board to obtain and review employee vacation, sick, and compensatory leave balances in order to identify any balances that appear unreasonable and to be aware if the County would be responsible for a large payout upon employee termination. Further, good internal controls require policies to be in place to ensure leave is appropriately taken and leave balances are accurate. Without such procedures, there is an increased risk of loss or misuse of funds.

We recommend the County Board review all policies related to leave. Further, we recommend the County Board implement procedures to ensure leave is carried at the requested amounts, properly accrued and used, and reported to the County Board.

COUNTY BOARD

Contract Overpayment

For one claim tested, we noted that the County over paid, for one bridge project by \$4,378, as allowed by the contract and subsequent change order. As of June 30, 2018, the County had made payments, totaling \$414,592, for the bridge project, but the contract and subsequent change order brought the contracted price to \$410,214.

Sound business practices and good internal controls require procedures to ensure that the County only pays for the amount approved by the County Board. When procedures are not in place to ensure that only the approved contracted amount is paid, there is an increased risk for the loss and/or misuse of funds.

We recommend the County implement procedures to ensure all payments on projects are supported by a contract or a subsequent change order approved by the County Board.

COUNTY TREASURER

Motor Vehicle Pro-Rate Distribution

For 1 of 10 subdivisions tested, the motor vehicle pro-rate was not distributed correctly. The City of Auburn (City) was distributed \$615; however, the entire amount was distributed to the City's mutual finance organization (MFO) fund. Of this total, \$569 should have been distributed to the City's general fund, and \$46 should have been distributed to the MFO fund.

Neb. Rev. Stat. § 60-3,202(3) (Cum. Supp. 2016) states the following:

Upon receipt of motor vehicle tax funds from the State Treasurer, the county treasurer shall distribute such funds to taxing agencies within the county in the same proportion that the levy of each such taxing agency bears to the total of such levies of all taxing agencies in the county.

Good internal controls require procedures to ensure that all proceeds are distributed correctly to the subdivisions. When there are not adequate procedures to ensure that distributions are correct, there is an increased risk the subdivisions are not provided the correct amount of money.

We recommend the County Treasurer implement procedures to ensure that distributions are correct to the subdivisions.

COUNTY ATTORNEY

Excess Balance

As of June 30, 2018, the County Attorney had an unknown trust balance of \$5,800. 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. Balance 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.

COUNTY SHERIFF

Sheriff Accounting Procedures

During the audit, we noted the following issues with the County Sheriff's accounting procedures at June 30, 2018:

- A monthly asset-to-liability reconciliation was not performed. A cash long was noted at June 30, 2018, in the amount of \$1,834. Of this amount, \$1,820 was remitted to the County Treasurer in July 2018.
- Advanced fees collected for paper service were not entered into QuickBooks, the County Sheriff's accounting software, until the service had been completed and not on the date received, resulting in no accounts payable being recorded in the accounting software.
- One receipt for \$2,906 received in July 2017 was not remitted to the County Treasurer until July 2018.
- The County does not have written agreements with other counties for prisoner boarding outlining the amount to charge for housing prisoners.

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

Failure to maintain accurate financial records and identify asset-to-liability balancing variances in a timely manner increases the risk of loss, theft, or misuse of funds, allowing errors and/or irregularities to go undetected more easily. When amounts collected are not remitted to the County Treasurer timely, there is an increased risk of loss, theft, or misuse of funds. A similar comment has been noted during prior-year audits.

We recommend the County Sheriff implement procedures to ensure the following: 1) timely asset-to-liability reconciliation is performed to identify and correct any variances noted; 2) all monies received in the office are accurately recorded in the accounting software upon receipt; 3) receipts are remitted to the County Treasurer timely; and 4) written agreements are entered into with other counties for prisoner boarding.

County Sheriff's Response: In response to prior audits, work has been done to complete monthly asset-to-liability reconciliations. This reconciliation resulted in the remitting of funds to the Treasurer listed in item #1 and #3. Items #1 and #3 are actually a split of the same issue and are resolved by the same reconciliation. The amount listed in #3 is due to listing a receipt in a wrong category. The funds were remitted to the Treasurer and the mis-categorization was discovered by the auditor. The item listed in #2 is correct as it relates to QuickBooks; however, neglects to mention that advanced fees are entered into the civil process software at the time that they are received and therefore can be tracked. Work will be done to work on putting advance fees into QuickBooks, with that caveat that if this practice creates more problems, due to the lack of ability to read QuickBooks files by outside agencies, it may be discontinued and revert back to current practice. Regarding the contract, this office does have a contract to review from a neighboring county and if agreeable it will be forwarded to the County Board, as this office does not have the authority to enter into contracts.

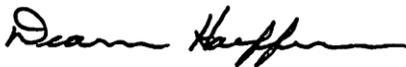
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It should be noted this report is critical in nature, as it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any strong features of the County.

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, CPA
Assistant Deputy Auditor