

**AUDIT REPORT
OF
NEMAHA COUNTY**

JULY 1, 2018, THROUGH JUNE 30, 2019

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the Auditor of Public Accounts.**

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Issued on October 2, 2019

NEMAHA COUNTY

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NEMAHA COUNTY
1824 N Street
Auburn, NE 68305

LIST OF COUNTY OFFICIALS
At June 30, 2019

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	Mike Hall	Jan. 2023
	Bryan Mellage	Jan. 2021
	Larry Holtzman	Jan. 2023
Assessor	Mallory Lempka	Jan. 2023
Attorney	Louie Ligouri	Jan. 2023
Clerk Election Commissioner Register of Deeds	Joyce Oakley	Jan. 2023
Clerk of the District Court	Amy Hector	Jan. 2023
Sheriff	Brent Lottman	Jan. 2023
Treasurer	Jana Gerdes	Jan. 2023
Veterans' Service Officer	Jim Reed	Appointed
Emergency Manager	Renee Critser	Appointed
Surveyor	Tom Catlett	Appointed



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State Auditor

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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, 2019, 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 audit 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, 2019, 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, 2019, 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 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 September 30, 2019, 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.

September 30, 2019



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

NEMAHA COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2019

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 4,386,060
TOTAL ASSETS	<u><u>\$ 4,386,060</u></u>
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 27,848
911 Emergency Services	222,423
Law Enforcement	1,392
Preservation of Records	1,195
Debt Service	407,017
Bridge and Road Projects	254,091
Unrestricted	<u>3,472,094</u>
TOTAL NET POSITION	<u><u>\$ 4,386,060</u></u>

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, 2019

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	\$ (2,395,293)	\$ 322,356	\$ 39,138	\$ (2,033,799)
Public Safety	(1,879,956)	411,278	59,204	(1,409,474)
Public Works	(3,088,770)	5,666	1,372,183	(1,710,921)
Public Assistance	(24,579)	-	-	(24,579)
Culture and Recreation	(41,272)	-	-	(41,272)
Debt Payments	(351,625)	-	-	(351,625)
Total Governmental Activities	\$ (7,781,495)	\$ 739,300	\$ 1,470,525	(5,571,670)
 General Receipts:				
Property Taxes				3,719,823
Grants and Contributions Not Restricted to Specific Programs				428,252
Investment Income				16,013
Licenses and Permits				20,912
Bond Reimbursement				349,520
Miscellaneous				66,547
Total General Receipts				4,601,067
Increase in Net Position				(970,603)
Net Position - Beginning of year				5,356,663
Net Position - End of year				\$ 4,386,060

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, 2019

	General Fund	Road Fund	Inheritance Fund	Road Bridge Improvement Fund	County Building Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents (Note 1.D)	\$ 526,522	\$ 235,325	\$ 532,158	\$ 846,992	\$ 874,535	\$ 1,370,528	\$ 4,386,060
TOTAL ASSETS	\$ 526,522	\$ 235,325	\$ 532,158	\$ 846,992	\$ 874,535	\$ 1,370,528	\$ 4,386,060
FUND BALANCES							
Restricted for:							
Visitor Promotion	-	-	-	-	-	27,848	27,848
911 Emergency Services	-	-	-	-	-	222,423	222,423
Law Enforcement	-	-	-	-	-	1,392	1,392
Preservation of Records	-	-	-	-	-	1,195	1,195
Debt Service	-	-	-	-	-	407,017	407,017
Bridge and Road Projects	-	-	-	-	-	254,091	254,091
Committed to:							
Law Enforcement	-	-	-	-	-	19,632	19,632
Road Maintenance	-	235,325	-	846,992	-	100,000	1,182,317
County Buildings	-	-	-	-	874,535	-	874,535
Future Compensation Benefits	-	-	-	-	-	10,629	10,629
911 Emergency Services	-	-	-	-	-	25,282	25,282
Other Capital Projects	-	-	-	-	-	240,103	240,103
Disaster Recovery	-	-	-	-	-	60,916	60,916
Assigned to:							
Other Purposes	-	-	532,158	-	-	-	532,158
Unassigned	526,522	-	-	-	-	-	526,522
TOTAL CASH BASIS FUND BALANCES	\$ 526,522	\$ 235,325	\$ 532,158	\$ 846,992	\$ 874,535	\$ 1,370,528	\$ 4,386,060

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, 2019

	General Fund	Road Fund	Inheritance Fund	Road Bridge Improvement Fund	County Building Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS							
Property Taxes	\$3,413,068	\$ -	\$ 209,267	\$ -	\$ -	\$ 97,488	\$ 3,719,823
Licenses and Permits	20,912	-	-	-	-	-	20,912
Investment Income	16,013	-	-	-	-	-	16,013
Intergovernmental	461,254	1,118,175	-	32,950	-	286,398	1,898,777
Charges for Services	722,321	5,666	-	-	-	11,313	739,300
Miscellaneous	35,364	8,985	-	-	-	371,718	416,067
TOTAL RECEIPTS	<u>4,668,932</u>	<u>1,132,826</u>	<u>209,267</u>	<u>32,950</u>	<u>-</u>	<u>766,917</u>	<u>6,810,892</u>
DISBURSEMENTS							
General Government	1,732,598	-	138,128	-	512,027	12,540	2,395,293
Public Safety	1,771,684	-	-	-	-	108,272	1,879,956
Public Works	-	2,198,809	-	325,932	-	564,029	3,088,770
Public Assistance	24,579	-	-	-	-	-	24,579
Culture and Recreation	-	-	-	-	-	41,272	41,272
Debt Service:							
Principal Payments	-	-	-	-	-	349,520	349,520
Interest and Fiscal Charges	-	-	-	-	-	2,105	2,105
TOTAL DISBURSEMENTS	<u>3,528,861</u>	<u>2,198,809</u>	<u>138,128</u>	<u>325,932</u>	<u>512,027</u>	<u>1,077,738</u>	<u>7,781,495</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,140,071</u>	<u>(1,065,983)</u>	<u>71,139</u>	<u>(292,982)</u>	<u>(512,027)</u>	<u>(310,821)</u>	<u>(970,603)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	848,532	51,000	-	103,000	382,055	1,384,587
Transfers out	(1,132,693)	-	(200,000)	-	-	(51,894)	(1,384,587)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,132,693)</u>	<u>848,532</u>	<u>(149,000)</u>	<u>-</u>	<u>103,000</u>	<u>330,161</u>	<u>-</u>
Net Change in Fund Balances	7,378	(217,451)	(77,861)	(292,982)	(409,027)	19,340	(970,603)
CASH BASIS FUND BALANCES - BEGINNING	<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>
CASH BASIS FUND BALANCES - ENDING	<u>\$ 526,522</u>	<u>\$ 235,325</u>	<u>\$ 532,158</u>	<u>\$ 846,992</u>	<u>\$ 874,535</u>	<u>\$ 1,370,528</u>	<u>\$ 4,386,060</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, 2019

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 325,655
 LIABILITIES	
Due to other governments	
State	100,806
Schools	139,612
Educational Service Units	1,268
Technical College	7,124
Natural Resource Districts	2,181
Fire Districts	1,657
Municipalities	29,828
Agricultural Society	379
Drainage Districts	11,408
Others	31,392
TOTAL LIABILITIES	325,655
 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, 2019

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. The County is also considered financially accountable if an organization is fiscally dependent on and there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

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

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

the operation of the Region during fiscal year 2019. 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 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 2018).

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 2019. 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) (Cum. Supp. 2018). 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

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 Net Position presents the County's non-fiduciary assets in two categories:

Restricted. This category results when constraints are externally imposed on net asset use by creditors, grantors, or contributors, or imposed by law through constitutional provisions or enabling legislation. 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.

Unrestricted. This category represents resources that do not meet the definition of the preceding category. Unrestricted resources often have constraints on resources that are imposed by management, but those constraints can be removed or modified.

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.

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 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.

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

D. Assets and Net Position

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

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 2018) 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.

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Concluded)

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 \$913,966 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.

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 2018).

At year end, the County's carrying amount of deposits was \$4,386,060 for County funds and \$325,655 for Fiduciary funds. The bank balances for all funds totaled \$4,548,162. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2019, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

The County did not have sufficient collateral securities to protect deposits at all times during the fiscal year.

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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 2018, for the 2018 taxes, which will be materially collected in May and September 2019, was set at \$.297212/\$100 of assessed valuation. The levy set in October 2017, for the 2017 taxes, which were materially collected in May and September 2018, was set at \$.299956/\$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. 2018) 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.

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. Retirement System (Concluded)

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, 2019, 73 employees contributed \$109,143, and the County contributed \$160,744. Contributions included \$5,946 in cash contributions towards the supplemental law enforcement plan for 15 law enforcement employees. Lastly, the County paid \$552 directly to seven retired employees for prior service benefits.

5. Risk Management

The County is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association (NIRMA), a public entity risk pool currently operating as a common risk management and insurance program for 96 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.

	<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 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.

NEMAHA COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

6. Interfund Transfers

Interfund transfers for the year ended June 30, 2019, consisted of the following:

Transfers to	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
Road Fund	\$ 848,532	\$ -	\$ -	\$ 848,532
Inheritance Fund	30,000	-	21,000	51,000
County Building Fund	103,000	-	-	103,000
Nonmajor Funds	151,161	200,000	30,894	382,055
Total	\$ 1,132,693	\$ 200,000	\$ 51,894	\$ 1,384,587

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

In the year ended June 30, 2019, the County made a one-time transfer of \$30,894 from the 911 Wireless Service Fund to the 911 Service Holding Fund to set aside funds for future 911 projects, in accordance with requirements of the Nebraska Public Service Commission. The County also made a one-time transfer of \$21,000 from the Other Capital Projects Fund to the Inheritance fund, to repay costs originally paid from the Inheritance Fund.

7. Contingent Liabilities

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

8. 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, 2019, was \$340,000. 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, 2019, no additional taxes have been levied by the County. Complete financial statements and disclosures of the Hospital can be obtained from the Hospital's administrative office.

Future Payments:

Year	Principal	Interest	Total
2020	\$ 340,000	\$ 6,059	\$ 346,059

NEMAHA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 3,675,398	\$ 3,675,398	\$ 3,413,068	\$ (262,330)
Licenses and Permits	21,500	21,500	20,912	(588)
Interest	14,025	14,025	16,013	1,988
Intergovernmental	305,226	305,226	461,254	156,028
Charges for Services	693,052	693,052	722,321	29,269
Miscellaneous	41,963	41,963	35,364	(6,599)
TOTAL RECEIPTS	<u>4,751,164</u>	<u>4,751,164</u>	<u>4,668,932</u>	<u>(82,232)</u>
DISBURSEMENTS				
General Government:				
County Board	77,545	78,523	78,519	4
County Clerk	140,320	140,320	140,292	28
County Treasurer	139,296	139,296	138,505	791
County Assessor	166,425	166,425	160,618	5,807
Election Commissioner	21,000	21,000	16,674	4,326
Clerk of the District Court	78,400	78,400	74,080	4,320
County Court System	2,350	2,350	1,722	628
District Judge	64,259	64,259	56,172	8,087
Building and Grounds	225,645	225,645	185,532	40,113
Agricultural Extension Agent	70,467	70,467	66,493	3,974
Miscellaneous	1,009,853	1,008,875	813,991	194,884
Public Safety				
County Sheriff	1,079,279	1,079,279	839,910	239,369
County Attorney	160,669	160,669	150,889	9,780
Communication Center	312,437	312,437	267,317	45,120
County Jail	461,426	461,426	378,975	82,451
Emergency Management	149,031	149,031	109,500	39,531
Child Support	25,100	25,100	25,093	7
Public Assistance				
Veterans' Service Officer	21,700	21,700	17,178	4,522
Relief	7,700	7,700	5,211	2,489
Institutions	4,500	4,500	2,190	2,310
TOTAL DISBURSEMENTS	<u>4,217,402</u>	<u>4,217,402</u>	<u>3,528,861</u>	<u>688,541</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS				
	<u>533,762</u>	<u>533,762</u>	<u>1,140,071</u>	<u>606,309</u>

(Continued)

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

For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>(852,906)</u>	<u>(852,906)</u>	<u>(1,132,693)</u>	<u>(279,787)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(852,906)</u>	<u>(852,906)</u>	<u>(1,132,693)</u>	<u>(279,787)</u>
Net Change in Fund Balance	(319,144)	(319,144)	7,378	326,522
FUND BALANCE - BEGINNING	<u>519,144</u>	<u>519,144</u>	<u>519,144</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ 200,000</u></u>	<u><u>\$ 200,000</u></u>	<u><u>\$ 526,522</u></u>	<u><u>\$ 326,522</u></u>

(Concluded)

NEMAHA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 1,005,500	\$ 1,005,500	\$ 1,118,175	\$ 112,675
Charges for Services	-	-	5,666	5,666
Miscellaneous	-	-	8,985	8,985
TOTAL RECEIPTS	<u>1,005,500</u>	<u>1,005,500</u>	<u>1,132,826</u>	<u>127,326</u>
DISBURSEMENTS	<u>2,301,182</u>	<u>2,301,182</u>	<u>2,198,809</u>	<u>102,373</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(1,295,682)</u>	<u>(1,295,682)</u>	<u>(1,065,983)</u>	<u>229,699</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	847,906	847,906	848,532	626
Transfers out	(5,000)	(5,000)	-	5,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>842,906</u>	<u>842,906</u>	<u>848,532</u>	<u>5,626</u>
Net Change in Fund Balance	(452,776)	(452,776)	(217,451)	235,325
FUND BALANCE - BEGINNING	452,776	452,776	452,776	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 235,325</u>	<u>\$ 235,325</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ -	\$ -	\$ 209,267	\$ 209,267
TOTAL RECEIPTS	<u>-</u>	<u>-</u>	<u>209,267</u>	<u>209,267</u>
DISBURSEMENTS	<u>661,019</u>	<u>561,019</u>	<u>138,128</u>	<u>422,891</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(661,019)</u>	<u>(561,019)</u>	<u>71,139</u>	<u>632,158</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	51,000	51,000	51,000	-
Transfers out	-	-	(200,000)	(200,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>51,000</u>	<u>51,000</u>	<u>(149,000)</u>	<u>(200,000)</u>
Net Change in Fund Balance	(610,019)	(510,019)	(77,861)	432,158
FUND BALANCE - BEGINNING	610,019	610,019	610,019	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 532,158</u>	<u>\$ 432,158</u>

(Continued)

NEMAHA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>ROAD BRIDGE IMPROVEMENT FUND</u>				
RECEIPTS				
Intergovernmental	\$ -	\$ -	\$ 32,950	\$ 32,950
TOTAL RECEIPTS	-	-	32,950	32,950
DISBURSEMENTS	1,139,974	1,139,974	325,932	814,042
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(1,139,974)	(1,139,974)	(292,982)	846,992
Net Change in Fund Balance	(1,139,974)	(1,139,974)	(292,982)	846,992
FUND BALANCE - BEGINNING	1,139,974	1,139,974	1,139,974	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 846,992</u>	<u>\$ 846,992</u>
<u>COUNTY BUILDING FUND</u>				
TOTAL RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	1,283,562	1,283,562	512,027	771,535
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(1,283,562)	(1,283,562)	(512,027)	771,535
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	103,000	103,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>103,000</u>	<u>103,000</u>
Net Change in Fund Balance	(1,283,562)	(1,283,562)	(409,027)	874,535
FUND BALANCE - BEGINNING	1,283,562	1,283,562	1,283,562	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 874,535</u>	<u>\$ 874,535</u>

(Concluded)

NEMAHA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD EQUIPMENT FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(34,761)	(34,761)	(34,761)	-
Transfers in	-	-	100,000	100,000
Transfers out	-	-	-	-
Net Change in Fund Balance	(34,761)	(34,761)	65,239	100,000
Fund Balance - Beginning	34,761	34,761	34,761	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>
HIGHWAY BRIDGE BUYBACK PROGRAM FUND				
Receipts	\$ 255,000	\$ 255,000	\$ 254,008	\$ (992)
Disbursements	(745,267)	(745,267)	(490,184)	255,083
Net Change in Fund Balance	(490,267)	(490,267)	(236,176)	254,091
Fund Balance - Beginning	490,267	490,267	490,267	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 254,091</u>	<u>\$ 254,091</u>
COUNTY VISITOR'S PROMOTION FUND				
Receipts	\$ 10,000	\$ 10,000	\$ 11,154	\$ 1,154
Disbursements	(30,793)	(30,793)	(25,022)	5,771
Net Change in Fund Balance	(20,793)	(20,793)	(13,868)	6,925
Fund Balance - Beginning	20,793	20,793	20,793	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,925</u>	<u>\$ 6,925</u>
COUNTY VISITOR'S IMPROVEMENT FUND				
Receipts	\$ 10,000	\$ 10,000	\$ 11,124	\$ 1,124
Disbursements	(36,049)	(36,049)	(16,250)	19,799
Net Change in Fund Balance	(26,049)	(26,049)	(5,126)	20,923
Fund Balance - Beginning	26,049	26,049	26,049	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,923</u>	<u>\$ 20,923</u>
PRESERVATION AND MODERNIZATION FUND				
Receipts	\$ 5,000	\$ 5,000	\$ 4,423	\$ (577)
Disbursements	(7,149)	(7,149)	(5,377)	1,772
Net Change in Fund Balance	(2,149)	(2,149)	(954)	1,195
Fund Balance - Beginning	2,149	2,149	2,149	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,195</u>	<u>\$ 1,195</u>

(Continued)

NEMAHA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VACATION / SICK LEAVE CLAIM RESERVE FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(27,792)	(27,792)	(7,163)	20,629
Transfers in	10,000	10,000	-	(10,000)
Transfers out	-	-	-	-
Net Change in Fund Balance	(17,792)	(17,792)	(7,163)	10,629
Fund Balance - Beginning	17,792	17,792	17,792	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,629</u>	<u>\$ 10,629</u>
DIVERSION PROGRAM STOP FUND				
Receipts	\$ 4,000	\$ 4,000	\$ 4,300	\$ 300
Disbursements	(6,255)	(6,255)	-	6,255
Net Change in Fund Balance	(2,255)	(2,255)	4,300	6,555
Fund Balance - Beginning	2,255	2,255	2,255	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,555</u>	<u>\$ 6,555</u>
DRUG COALITION FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(818)	(818)	(591)	227
Net Change in Fund Balance	(818)	(818)	(591)	227
Fund Balance - Beginning	818	818	818	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 227</u>	<u>\$ 227</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, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>FEDERAL CRIME GRANT FUND</u>				
Receipts	\$ 2,275	\$ 2,275	\$ 1,392	\$ (883)
Disbursements	(2,275)	(2,275)	-	2,275
Net Change in Fund Balance	-	-	1,392	1,392
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,392</u>	<u>\$ 1,392</u>
<u>911 EMERGENCY MANAGEMENT FUND</u>				
Receipts	\$ 278,500	\$ 278,500	\$ 26,752	\$ (251,748)
Disbursements	(345,364)	(345,364)	(45,492)	299,872
Transfers in	-	-	-	-
Transfers out	(2,500)	(2,500)	-	2,500
Net Change in Fund Balance	(69,364)	(69,364)	(18,740)	50,624
Fund Balance - Beginning	69,364	69,364	69,364	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,624</u>	<u>\$ 50,624</u>
<u>911 WIRELESS SERVICE FUND</u>				
Receipts	\$ 48,488	\$ 48,488	\$ 48,488	\$ -
Disbursements	(45,500)	(45,500)	(17,594)	27,906
Transfers in	-	-	-	-
Transfers out	(2,988)	(2,988)	(30,894)	(27,906)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>911 WIRELESS SERVICE HOLDING FUND</u>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(156,877)	(156,877)	(12,984)	143,893
Transfers in	2,988	2,988	30,894	27,906
Transfers out	-	-	-	-
Net Change in Fund Balance	(153,889)	(153,889)	17,910	171,799
Fund Balance - Beginning	153,889	153,889	153,889	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 171,799</u>	<u>\$ 171,799</u>
<u>LAW ENFORCEMENT OPERATING FUND</u>				
Receipts	\$ 3,000	\$ 3,000	\$ 1,000	\$ (2,000)
Disbursements	(10,052)	(10,052)	-	10,052
Net Change in Fund Balance	(7,052)	(7,052)	1,000	8,052
Fund Balance - Beginning	7,052	7,052	7,052	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,052</u>	<u>\$ 8,052</u>

(Continued)

NEMAHA COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
JAIL COMMISSARY FUND				
Receipts	\$ 4,400	\$ 4,400	\$ 6,890	\$ 2,490
Disbursements	(6,882)	(6,882)	(4,754)	2,128
Net Change in Fund Balance	(2,482)	(2,482)	2,136	4,618
Fund Balance - Beginning	2,482	2,482	2,482	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,618</u>	<u>\$ 4,618</u>
HOSPITAL BOND ACCOUNT FUND				
Receipts	\$ 350,428	\$ 350,428	\$ 354,851	\$ 4,423
Disbursements	(754,219)	(754,219)	(351,625)	402,594
Net Change in Fund Balance	(403,791)	(403,791)	3,226	407,017
Fund Balance - Beginning	403,791	403,791	403,791	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 407,017</u>	<u>\$ 407,017</u>
911 EMERGENCY COMM. STUDY AGREEMENT FUND				
Receipts	\$ 40,000	\$ 40,000	\$ 25,698	\$ (14,302)
Disbursements	(44,046)	(44,046)	(1,962)	42,084
Transfers in	2,500	2,500	-	(2,500)
Transfers out	-	-	-	-
Net Change in Fund Balance	(1,546)	(1,546)	23,736	25,282
Fund Balance - Beginning	1,546	1,546	1,546	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,282</u>	<u>\$ 25,282</u>
OTHER CAPITAL PROJECTS FUND				
Receipts	\$ -	\$ -	\$ 16,837	\$ 16,837
Disbursements	(118,000)	(118,000)	(24,895)	93,105
Transfers in	-	-	151,161	151,161
Transfers out	-	-	(21,000)	(21,000)
Net Change in Fund Balance	(118,000)	(118,000)	122,103	240,103
Fund Balance - Beginning	118,000	118,000	118,000	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 240,103</u>	<u>\$ 240,103</u>
DISASTER FUND				
Receipts	\$ -	\$ 100,000	\$ -	\$ (100,000)
Disbursements	-	(100,000)	(39,084)	60,916
Transfers in	-	-	100,000	100,000
Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	60,916	60,916
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,916</u>	<u>\$ 60,916</u>

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

For the Year Ended June 30, 2019

	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	\$ -	\$ -	\$ 11,124	\$ 11,124	\$ -
Intergovernmental	-	254,008	-	-	-
Charges for Services	-	-	-	-	4,423
Miscellaneous	-	-	30	-	-
TOTAL RECEIPTS	-	254,008	11,154	11,124	4,423
DISBURSEMENTS					
General Government	-	-	-	-	5,377
Public Safety	-	-	-	-	-
Public Works	34,761	490,184	-	-	-
Culture and Recreation	-	-	25,022	16,250	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	34,761	490,184	25,022	16,250	5,377
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(34,761)	(236,176)	(13,868)	(5,126)	(954)
OTHER FINANCING SOURCES (USES)					
Transfers in	100,000	-	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	100,000	-	-	-	-
Net Change in Fund Balances	65,239	(236,176)	(13,868)	(5,126)	(954)
FUND BALANCES - BEGINNING	34,761	490,267	20,793	26,049	2,149
FUND BALANCES - ENDING	\$ 100,000	\$ 254,091	\$ 6,925	\$ 20,923	\$ 1,195
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	6,925	20,923	-
911 Emergency Services	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	-	-	1,195
Debt Service	-	-	-	-	-
Bridge and Road Projects	-	254,091	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Road Maintenance	100,000	-	-	-	-
Future Compensation Benefits	-	-	-	-	-
911 Emergency Services	-	-	-	-	-
Other Capital Projects	-	-	-	-	-
Disaster Recovery	-	-	-	-	-
TOTAL FUND BALANCES	\$ 100,000	\$ 254,091	\$ 6,925	\$ 20,923	\$ 1,195

(Continued)

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

For the Year Ended June 30, 2019

	Vacation / Sick Leave Claim Reserve Fund	Diversion Program STOP Fund	Drug Coalition Fund	Federal Drug Law Enforcement Forfeiture Fund	Canine (K-9) Dog Fund	Federal Crime Grant Fund
RECEIPTS						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	4,300	-	-	-	1,392
Charges for Services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
TOTAL RECEIPTS	<u>-</u>	<u>4,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,392</u>
DISBURSEMENTS						
General Government	7,163	-	-	-	-	-
Public Safety	-	-	591	-	-	-
Public Works	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
Debt Service:						
Principal Payments	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>7,163</u>	<u>-</u>	<u>591</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(7,163)</u>	<u>4,300</u>	<u>(591)</u>	<u>-</u>	<u>-</u>	<u>1,392</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(7,163)	4,300	(591)	-	-	1,392
FUND BALANCES - BEGINNING	<u>17,792</u>	<u>2,255</u>	<u>818</u>	<u>-</u>	<u>180</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 10,629</u>	<u>\$ 6,555</u>	<u>\$ 227</u>	<u>\$ -</u>	<u>\$ 180</u>	<u>\$ 1,392</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	-
911 Emergency Services	-	-	-	-	-	-
Law Enforcement	-	-	-	-	-	1,392
Preservation of Records	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Bridge and Road Projects	-	-	-	-	-	-
Committed to:						
Law Enforcement	-	6,555	227	-	180	-
Road Maintenance	-	-	-	-	-	-
Future Compensation Benefits	10,629	-	-	-	-	-
911 Emergency Services	-	-	-	-	-	-
Other Capital Projects	-	-	-	-	-	-
Disaster Recovery	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 10,629</u>	<u>\$ 6,555</u>	<u>\$ 227</u>	<u>\$ -</u>	<u>\$ 180</u>	<u>\$ 1,392</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, 2019

	911 Emergency Management Fund	911 Wireless Service Fund	911 Wireless Service Holding Fund	Law Enforcement Operating Fund	Jail Commissary Fund
RECEIPTS					
Property Taxes	\$ 26,752	\$ 48,488	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	1,000	-
Charges for Services	-	-	-	-	6,890
Miscellaneous	-	-	-	-	-
TOTAL RECEIPTS	<u>26,752</u>	<u>48,488</u>	<u>-</u>	<u>1,000</u>	<u>6,890</u>
DISBURSEMENTS					
General Government	-	-	-	-	-
Public Safety	45,492	17,594	12,984	-	4,754
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>45,492</u>	<u>17,594</u>	<u>12,984</u>	<u>-</u>	<u>4,754</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(18,740)</u>	<u>30,894</u>	<u>(12,984)</u>	<u>1,000</u>	<u>2,136</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	30,894	-	-
Transfers out	-	(30,894)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(30,894)</u>	<u>30,894</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(18,740)	-	17,910	1,000	2,136
FUND BALANCES - BEGINNING	<u>69,364</u>	<u>-</u>	<u>153,889</u>	<u>7,052</u>	<u>2,482</u>
FUND BALANCES - ENDING	<u>\$ 50,624</u>	<u>\$ -</u>	<u>\$ 171,799</u>	<u>\$ 8,052</u>	<u>\$ 4,618</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	50,624	-	171,799	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	-	-	-
Debt Service	-	-	-	-	-
Bridge and Road Projects	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	8,052	4,618
Road Maintenance	-	-	-	-	-
Future Compensation Benefits	-	-	-	-	-
911 Emergency Services	-	-	-	-	-
Other Capital Projects	-	-	-	-	-
Disaster Recovery	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 50,624</u>	<u>\$ -</u>	<u>\$ 171,799</u>	<u>\$ 8,052</u>	<u>\$ 4,618</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, 2019

	Hospital Bond Account Fund	911 Emergency Comm. Study Agreement Fund	Other Capital Projects Fund	Disaster Fund	Total Nonmajor Governmental Funds
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 97,488
Intergovernmental	-	25,698	-	-	286,398
Charges for Services	-	-	-	-	11,313
Miscellaneous	354,851	-	16,837	-	371,718
TOTAL RECEIPTS	354,851	25,698	16,837	-	766,917
DISBURSEMENTS					
General Government	-	-	-	-	12,540
Public Safety	-	1,962	24,895	-	108,272
Public Works	-	-	-	39,084	564,029
Culture and Recreation	-	-	-	-	41,272
Debt Service:					
Principal Payments	349,520	-	-	-	349,520
Interest and Fiscal Charges	2,105	-	-	-	2,105
TOTAL DISBURSEMENTS	351,625	1,962	24,895	39,084	1,077,738
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	3,226	23,736	(8,058)	(39,084)	(310,821)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	151,161	100,000	382,055
Transfers out	-	-	(21,000)	-	(51,894)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	130,161	100,000	330,161
Net Change in Fund Balances	3,226	23,736	122,103	60,916	19,340
FUND BALANCES - BEGINNING	403,791	1,546	118,000	-	1,351,188
FUND BALANCES - ENDING	\$ 407,017	\$ 25,282	\$ 240,103	\$ 60,916	\$ 1,370,528
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	27,848
911 Emergency Services	-	-	-	-	222,423
Law Enforcement	-	-	-	-	1,392
Preservation of Records	-	-	-	-	1,195
Debt Service	407,017	-	-	-	407,017
Bridge and Road Projects	-	-	-	-	254,091
Committed to:					
Law Enforcement	-	-	-	-	19,632
Road Maintenance	-	-	-	-	100,000
Future Compensation Benefits	-	-	-	-	10,629
911 Emergency Services	-	25,282	-	-	25,282
Other Capital Projects	-	-	240,103	-	240,103
Disaster Recovery	-	-	-	60,916	60,916
TOTAL FUND BALANCES	\$ 407,017	\$ 25,282	\$ 240,103	\$ 60,916	\$ 1,370,528

(Concluded)

NEMAHA COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2019

	County Clerk	County Board	Clerk of the District Court	County Sheriff	County Attorney	Extension Office	Veterans' Service Officer	Total
BALANCES JULY 1, 2018	\$ 7,240	\$ 5,000	\$ 16,144	\$ 11,210	\$ 6,944	\$ 25	\$ 3,266	\$ 49,829
RECEIPTS								
Property Taxes	-	-	-	6,312	-	-	-	6,312
Licenses and Permits	1,511	-	-	685	-	-	-	2,196
Intergovernmental	-	-	-	26,973	-	-	-	26,973
Charges for Services	53,855	-	12,107	58,945	130	-	-	125,037
Miscellaneous	-	-	-	2,323	-	1	-	2,324
State Fees	58,142	-	12,907	532	-	-	-	71,581
Other Liabilities	31	-	194,468	67,224	13,706	-	-	275,429
TOTAL RECEIPTS	113,539	-	219,482	162,994	13,836	1	-	509,852
DISBURSEMENTS								
Payments to County Treasurer	55,643	-	12,908	97,141	70	1	-	165,763
Payments to State Treasurer	59,829	-	13,619	532	-	-	-	73,980
Other Liabilities	31	-	187,299	67,862	14,700	-	-	269,892
TOTAL DISBURSEMENTS	115,503	-	213,826	165,535	14,770	1	-	509,635
BALANCES JUNE 30, 2019	<u>\$ 5,276</u>	<u>\$ 5,000</u>	<u>\$ 21,800</u>	<u>\$ 8,669</u>	<u>\$ 6,010</u>	<u>\$ 25</u>	<u>\$ 3,266</u>	<u>\$ 50,046</u>
BALANCES CONSIST OF:								
Due to County Treasurer	\$ 3,269	\$ -	\$ 767	\$ 4,924	\$ 1,204	\$ -	\$ 3,266	\$ 13,430
Petty Cash	-	5,000	-	2,500	-	25	-	7,525
Due to State Treasurer	2,007	-	197	-	-	-	-	2,204
Due to Others	-	-	20,836	1,245	4,806	-	-	26,887
BALANCES JUNE 30, 2019	<u>\$ 5,276</u>	<u>\$ 5,000</u>	<u>\$ 21,800</u>	<u>\$ 8,669</u>	<u>\$ 6,010</u>	<u>\$ 25</u>	<u>\$ 3,266</u>	<u>\$ 50,046</u>

NEMAHA COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2019

Item	2014	2015	2016	2017	2018
Tax Certified by Assessor					
Real Estate	\$ 13,735,288	\$ 14,621,032	\$ 14,952,891	\$ 14,931,468	\$ 15,270,032
Personal and Specials	975,358	990,508	865,303	841,344	635,628
Total	14,710,646	15,611,540	15,818,194	15,772,812	15,905,660
Corrections					
Additions	5,004	9,071	5,968	4,539	-
Deductions	(6,955)	(7,959)	(9,982)	(10,715)	(4,401)
Net Additions/ (Deductions)	(1,951)	1,112	(4,014)	(6,176)	(4,401)
Corrected Certified Tax	14,708,695	15,612,652	15,814,180	15,766,636	15,901,259
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2015	9,193,217	-	-	-	-
June 30, 2016	5,493,902	9,571,426	-	-	-
June 30, 2017	15,088	6,021,217	9,704,035	-	-
June 30, 2018	1,796	11,145	6,077,704	9,855,874	-
June 30, 2019	1,300	2,662	16,613	5,883,342	9,873,497
Total Net Collections	14,705,303	15,606,450	15,798,352	15,739,216	9,873,497
Total Uncollected Tax	\$ 3,392	\$ 6,202	\$ 15,828	\$ 27,420	\$ 6,027,762
Percentage Uncollected Tax	0.02%	0.04%	0.10%	0.17%	37.91%

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, 2019, and the related notes to the financial statements, which collectively comprise Nemaha County's basic financial statements, and have issued our report thereon dated September 30, 2019. 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 September 30, 2019.

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

September 30, 2019



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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September 30, 2019

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, 2019, and have issued our report thereon dated September 30, 2019. 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

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. 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.

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.

Insufficient Pledged Collateral

During our audit, we noted the County Clerk and the County Treasurer did not maintain securities to cover fully the deposits held in the County's bank accounts at Auburn State Bank. The County's deposits were uncollateralized for five days during the fiscal year, with uncollateralized amounts ranging from \$13,775 to \$342,240.

Neb. Rev. Stat. § 77-2395(1) (Reissue 2018) states, in relevant part, the following:

[T]he custodial official shall not have on deposit in such depository any public money or public funds in excess of the amount insured or guaranteed by the Federal Deposit Insurance Corporation, unless and until the depository has furnished to the custodial official securities, the market value of which are in an amount not less than one hundred two percent of the amount on deposit which is in excess of the amount so insured or guaranteed.

Additionally, sound accounting practice and a good internal control plan require procedures for ensuring that money in County bank accounts is safeguarded through sufficient collateralization.

Without such procedures, there is an increased risk of not only noncompliance with State statute but also loss of public funds.

We recommend the County Clerk and the County Treasurer monitor closely the County's accounts at Auburn State Bank, especially on high-volume days, to ensure that collateralization is sufficient to cover deposits fully.

COUNTY ATTORNEY

Excess Balance

As of June 30, 2019, the County Attorney had an unknown trust balance of \$4,806. This comment has been noted in prior year audits.

Sound accounting practice and good internal control require procedures 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 CLERK OF THE DISTRICT COURT

Review of Overdue Case Account Report

During the audit, we noted the Clerk of the District Court was not adequately reviewing the Overdue Case Account Report to ensure the balances were proper, and appropriate action was taken timely. Six of eight case balances tested, totaling \$8,947, did not have subsequent action taken by the District Court to ensure collection and/or resolution of the balances. As of August 2, 2019, the report contained 562 overdue cases with a total amount owed of \$109,883. Of these 562 cases, only 10 cases had a current warrant or suspension issued for nonpayment.

Good internal control and sound business practices require overdue balances of the District Court to be reviewed on an ongoing, timely basis to determine what action should be taken to collect and/or resolve those balances. Without regular review of overdue case balances, there is an increased risk of loss, theft, or misuse of funds.

We recommend the Clerk of the District Court implement procedures to ensure the Overdue Case Balance Report is reviewed on an ongoing basis. Potential courses of action for follow up would include: 1) issuance of warrants; 2) judge's determination and order to waive certain costs, if allowable; or 3) declaration of certain balances as uncollectable.

COUNTY SHERIFF

Sheriff Accounting Procedures

During the audit, we noted the following issues with the County Sheriff's accounting procedures as of June 30, 2019:

- A monthly asset-to-liability reconciliation was performed; however, a cash long was noted at June 30, 2019, in the amount of \$151. The County Sheriff failed to take corrective action to resolve this long.
- 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.
- 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 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 procedures to be in place to ensure fees charged are supported by agreements or contracts, when necessary.

Failure to maintain accurate financial records and correct 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 procedures are not in place to ensure contracts or agreements are in place between Counties for prisoner boarding, there is an increased risk fees will not be charged consistently, resulting in the potential loss 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; and 3) written agreements are entered into with other counties for prisoner boarding.

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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. 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,

A handwritten signature in cursive script that reads "Deann Haeffner".

Deann Haeffner, CPA
Assistant Deputy Auditor