

**AUDIT REPORT
OF
BUFFALO COUNTY**

JULY 1, 2006 THROUGH JUNE 30, 2007

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the Auditor of Public Accounts.**

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Issued on January 14, 2008

BUFFALO COUNTY

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BUFFALO COUNTY

LIST OF COUNTY OFFICIALS

At June 30, 2007

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Richard Pierce	Board of Supervisors	Jan. 2009
William McMullen		Jan. 2009
Horace Dannehl		Jan. 2009
Ivan Klein		Jan. 2011
Timothy Lowenstein		Jan. 2011
Sherry Morrow		Jan. 2011
Kent Greder		Jan. 2011
Joe Woodward	Assessor	Jan. 2011
Shawn Eatherton	Attorney	Jan. 2011
Janice Giffin	Clerk	Jan. 2011
Glenda DeBrie	Election Commissioner	Jan. 2011
Kellie John	Register of Deeds	Jan. 2011
Sharon Mauler	Clerk of the District Court	Jan. 2011
Neil Miller	Sheriff	Jan. 2011
Jean Sidwell	Treasurer	Jan. 2011
Wm. R. Williams	Veterans' Service Officer	Appointed
Richard Kincaid	Weed Superintendent	Appointed
Ronald Sklenar	Highway Superintendent	Appointed
LeAnne Klein	Planning / Zoning	Appointed
Trenton Snow	Surveyor	Appointed



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BUFFALO COUNTY

INDEPENDENT AUDITORS' REPORT

Board of Supervisors
Buffalo County, Nebraska

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buffalo County, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash balances of the governmental activities, each major fund, and the aggregate remaining fund information for the primary government of Buffalo County, as of June 30, 2007, and the respective changes in cash balances thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2007, on our consideration of Buffalo County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The budgetary comparison information is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The County has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, nonmajor 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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole on the basis of accounting described in Note 1.

December 27, 2007


Assistant Deputy Auditor

BUFFALO COUNTY
STATEMENT OF NET ASSETS - CASH BASIS
 June 30, 2007

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 2,837,561
Investments (Note 1.D)	<u>1,533,926</u>
TOTAL ASSETS	<u><u>\$ 4,371,487</u></u>
 NET ASSETS	
Restricted for:	
Visitor Promotion	\$ 28,773
Re-Use Economic Development	42,900
Other Purposes	30,385
Unrestricted	<u>4,269,429</u>
TOTAL NET ASSETS	<u><u>\$ 4,371,487</u></u>

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

BUFFALO COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended June 30, 2007

Functions:	Cash Disbursements	Program Cash Receipts		Net (Disbursement)
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Receipts and Changes in Net Assets
Governmental Activities:				
General Government	\$ (5,219,408)	\$ 1,106,841	\$ 158,465	\$ (3,954,102)
Public Safety	(6,085,825)	645,187	698,323	(4,742,315)
Public Works	(6,099,902)	151,036	2,277,779	(3,671,087)
Health and Sanitation	(115,485)	-	402,816	287,331
Public Assistance	(318,972)	-	-	(318,972)
Culture and Recreation	(680,630)	-	-	(680,630)
Capital Outlay	(1,478,140)	-	-	(1,478,140)
Total Governmental Activities	<u>\$ (19,998,362)</u>	<u>\$ 1,903,064</u>	<u>\$ 3,537,383</u>	<u>(14,557,915)</u>

General Receipts:

Property Taxes	11,172,390
Grants and Contributions Not Restricted to Specific Programs	1,340,427
Investment Income	489,506
Miscellaneous	363,906
Total General Receipts	<u>13,366,229</u>
 Change in Net Assets	 (1,191,686)
Net Assets - Beginning	5,563,173
Net Assets - Ending	<u>\$ 4,371,487</u>

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

BUFFALO COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
June 30, 2007

	General Fund	Road Fund	Inheritance Fund	Building and Repair Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents (Note 1.D)	\$ 1,122,642	\$ 135,079	\$ 848,982	\$ 546,758	\$ 184,100	\$ 2,837,561
Investments (Note 1.D)	-	-	-	1,533,926	-	1,533,926
TOTAL ASSETS	<u>\$ 1,122,642</u>	<u>\$ 135,079</u>	<u>\$ 848,982</u>	<u>\$ 2,080,684</u>	<u>\$ 184,100</u>	<u>\$ 4,371,487</u>
FUND BALANCES						
Unreserved, Reported in:						
General Fund	\$ 1,122,642	\$ -	\$ -	\$ -	\$ -	\$ 1,122,642
Special Revenue Funds	-	135,079	848,982	2,080,684	184,100	3,248,845
TOTAL CASH BASIS FUND BALANCES	<u>\$ 1,122,642</u>	<u>\$ 135,079</u>	<u>\$ 848,982</u>	<u>\$ 2,080,684</u>	<u>\$ 184,100</u>	<u>\$ 4,371,487</u>

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

BUFFALO COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	General Fund	Road Fund	Inheritance Fund	Building and Repair Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS						
Property Taxes	\$ 10,228,825	\$ -	\$ 435,981	\$ -	\$ 507,584	\$ 11,172,390
Licenses and Permits	162,242	-	-	-	-	162,242
Interest	-	-	-	489,284	222	489,506
Intergovernmental	2,427,324	2,261,111	143,846	-	45,529	4,877,810
Charges for Services	1,752,028	-	-	-	151,036	1,903,064
Miscellaneous	62,092	94,420	-	-	45,152	201,664
TOTAL RECEIPTS	<u>14,632,511</u>	<u>2,355,531</u>	<u>579,827</u>	<u>489,284</u>	<u>749,523</u>	<u>18,806,676</u>
DISBURSEMENTS						
General Government	5,219,408	-	-	-	-	5,219,408
Public Safety	5,653,676	-	-	-	432,149	6,085,825
Public Works	84,512	4,591,126	-	-	1,424,264	6,099,902
Health and Sanitation	115,485	-	-	-	-	115,485
Public Assistance	195,963	-	-	-	123,009	318,972
Culture and Recreation	338,530	-	-	-	342,100	680,630
Capital Outlay	1,478,140	-	-	-	-	1,478,140
TOTAL DISBURSEMENTS	<u>13,085,714</u>	<u>4,591,126</u>	<u>-</u>	<u>-</u>	<u>2,321,522</u>	<u>19,998,362</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,546,797</u>	<u>(2,235,595)</u>	<u>579,827</u>	<u>489,284</u>	<u>(1,571,999)</u>	<u>(1,191,686)</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	1,890,323	2,168,870	1,080,800	190,000	1,563,275	6,893,268
Transfers Out	(3,282,970)	-	(3,599,125)	-	(11,173)	(6,893,268)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,392,647)</u>	<u>2,168,870</u>	<u>(2,518,325)</u>	<u>190,000</u>	<u>1,552,102</u>	<u>-</u>
Net Change in Fund Balances	154,150	(66,725)	(1,938,498)	679,284	(19,897)	(1,191,686)
CASH BASIS FUND BALANCES - BEGINNING	968,492	201,804	2,787,480	1,401,400	203,997	5,563,173
CASH BASIS FUND BALANCES - ENDING	<u>\$ 1,122,642</u>	<u>\$ 135,079</u>	<u>\$ 848,982</u>	<u>\$ 2,080,684</u>	<u>\$ 184,100</u>	<u>\$ 4,371,487</u>

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

BUFFALO COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - CASH BASIS
FIDUCIARY FUNDS
 June 30, 2007

	<u>Agency Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 4,093,455
 LIABILITIES	
Due to Other Governments	
State	708,216
Schools	2,562,735
Educational Service Units	5,147
Technical College	28,022
Natural Resource Districts	10,952
Fire Districts	103,630
Municipalities	312,023
Agricultural Society	7,746
Townships	147,523
Sanitary and Improvement Districts	131,577
Others	75,884
TOTAL LIABILITIES	4,093,455
 TOTAL NET ASSETS	 \$ -

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

BUFFALO COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2007

1. **Summary of Significant Accounting Policies**

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

A. Reporting Entity

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

As required by generally accepted accounting principles (GAAP), these financial statements present the County (the primary government). No component units were identified.

Joint Organization.

Behavioral Health Region III - The County has entered into an agreement with surrounding counties and the Nebraska Health and Human Services System 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. The Region consists of the following counties: Blaine, Loup, Garfield, Wheeler, Custer, Valley, Greeley, Sherman, Howard, Buffalo, Hall, Phelps, Kearney, Adams, Clay, Furnas, Harlan, Hamilton, Merrick, Franklin, Webster, and Nuckolls.

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

BUFFALO COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

County contributed \$115,485 toward the operation of the Region during fiscal year 2007. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Health and Human Services System 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 Buffalo County Community Health Partners to provide public health services. Agreements were established under authority of the Interlocal Cooperation Act for services to be provided per State Statutes 71-1626 to 71-1636.

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. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is required to be audited annually in accordance with State Statute 84-304. Financial information for the Department is available in that report.

B. Basis of Presentation

Government-wide Financial Statements The Statement of Net Assets - Cash Basis and Statement of Activities - Cash Basis display information about the activities of the County, and are in the format of government-wide statements as required by GASB Statement Number 34. These statements include all the financial activities of the County, except for fiduciary activities. Internal activities in these statements have not been eliminated. Governmental GAAP would require internal activity to be eliminated to minimize double counting. The County reports governmental activities only. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

BUFFALO COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Fund Financial Statements. The fund financial statements provide information about the County's funds, including its fiduciary funds. GAAP requires separate statements by fund category - governmental, proprietary, and fiduciary. The County uses only the governmental and fiduciary fund categories. The 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.

Inheritance Fund. This fund is used to account for the revenues generated from estate taxes.

Building and Repair Fund. This fund is used to account for costs associated with building and repair of County-owned facilities.

The County reports the following additional fund types:

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

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

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The accounting records of the County are maintained and the government-wide financial statements were reported on the basis of cash receipts and disbursements. As such, the measurement focus includes only those assets and fund balances arising from cash transactions on the Statement of Net Assets - Cash Basis and the Statement of Activities - Cash Basis. Revenues are recognized when received and expenditures are recognized when warrants are paid. This differs from governmental GAAP, which requires the government-wide and fiduciary fund financial

BUFFALO COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

statements to be reported using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus and basis of accounting revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

D. Assets and Net Assets

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

Investments. The types of investments in which the County is authorized to invest funds are enumerated in Neb. Rev. Stat. Sections 77-2315, 77-2340, and 77-2341 R.R.S. 2003, 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.

BUFFALO COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

Restricted Net Assets. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net assets are reported as restricted when constraints placed on their use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net assets reports \$102,058 of restricted net assets, which are restricted by enabling legislation.

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. Section 77-2315 R.R.S. 2003.

At year end, the County's carrying amount of deposits was \$4,371,487 for County funds and \$4,093,455 for Fiduciary funds. The bank balances for all funds totaled \$6,181,663. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits as of June 30, 2007, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

The County's carrying value of investments are stated at cost, which approximates market. Investments consisted of \$1,533,926 deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a seven member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income which has accrued to each participant is converted as of the close of business of each calendar month into additional units which thereafter are held in each participant's trust account. Since net income of the fund is allocated among participant's each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name.

BUFFALO 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 become delinquent in two equal installments on May 1 and September 1. Motor vehicle taxes are due when application is made for registration of a motor vehicle.

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

The levy set in October 2006, for the 2006 taxes which will be materially collected in May and September, 2007, was set at \$.379993/\$100 of assessed valuation. The levy set in October 2005, for the 2005 taxes which were materially collected in May and September, 2006, was set at \$.338018/\$100 of assessed valuation. The amount collected for motor vehicle tax is outlined in State Statute.

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

4. **Retirement System**

The Retirement System for Nebraska Counties (the Plan) is a multiple-employer defined contribution plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan provisions are established under Neb. Rev. Stat. Sections 23-2301 through 23-2335 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 20. 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 Neb. Rev. Stat. Sections 23-2307 and 23-2308 R.S.Supp., 2004, 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

BUFFALO COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

vested. The employer's account is fully vested after three years of participation in the system, including the twelve month eligibility period or credit for participation in another governmental plan prior to actual contribution to the Plan. Prior service benefits are paid directly by the County to the retired employee.

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

For the year ended June 30, 2007, 195 employees contributed \$281,914; the County contributed \$422,669, which consisted of cash contributions. Additionally, for the year ended June 30, 2007, 24 law enforcement employees and the County contributed \$10,327 in cash contributions for the supplemental law enforcement plan. Lastly, the County paid \$1,438 directly to 16 retired employees for prior service benefits.

5. **Risk Management**

The County is exposed to various risks of loss related to 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 77 counties throughout Nebraska.

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

The agreement with NIRMA provides that NIRMA will 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.

BUFFALO COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

5. Risk Management (Concluded)

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

The County has not paid any additional assessments to the Pool in the last three fiscal years and no assessments are anticipated for fiscal year 2008. The County has not had to pay out any amounts that exceeded coverage provided by the Pool in the last three fiscal years.

6. Interfund Transfers

Interfund transfers for the year ended June 30, 2007, consisted of the following:

<u>Transfers to</u>	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
General Fund	\$ -	\$ 1,879,150	\$ 11,173	\$ 1,890,323
Road Fund	903,870	1,265,000	-	2,168,870
Inheritance Fund	1,080,800	-	-	1,080,800
Building & Repair	-	190,000	-	190,000
Nonmajor Funds	1,298,300	264,975	-	1,563,275
Total	\$ 3,282,970	\$ 3,599,125	\$ 11,173	\$ 6,893,268

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

7. Contingent Liabilities

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

BUFFALO COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 10,983,808	\$ 10,983,808	\$ 10,228,825	\$ (754,983)
Licenses and Permits	153,150	153,150	162,242	9,092
Intergovernmental	2,234,356	2,234,356	2,427,324	192,968
Charges for Services	1,363,550	1,363,550	1,752,028	388,478
Miscellaneous	70,000	70,000	62,092	(7,908)
TOTAL RECEIPTS	14,804,864	14,804,864	14,632,511	(172,353)
DISBURSEMENTS				
General Government:				
County Board	304,887	304,887	260,787	44,100
County Clerk	137,446	137,446	134,757	2,689
County Treasurer	365,969	365,969	355,715	10,254
Register of Deeds	220,851	220,851	219,862	989
County Assessor	520,335	520,335	512,924	7,411
Election Commissioner	194,421	194,421	180,314	14,107
Zoning	87,002	87,002	83,543	3,459
Clerk of the District Court	470,594	470,594	425,723	44,871
County Court System	280,750	280,750	242,670	38,080
Public Defender	473,673	473,673	467,953	5,720
Building and Grounds	605,582	605,582	439,304	166,278
Agricultural Extension Agent	184,844	184,844	179,441	5,403
Data Processing	441,807	455,807	455,102	705
Miscellaneous	1,501,942	1,501,942	1,261,313	240,629
Public Safety				
County Sheriff	1,841,301	1,841,301	1,783,489	57,812
County Attorney	1,113,495	1,113,495	1,046,799	66,696
Communication Center	665,835	665,835	659,552	6,283
County Jail	1,124,631	1,124,631	1,092,075	32,556
Emergency Management	91,130	91,130	88,610	2,520
County Probation	35,350	35,390	35,384	6
Miscellaneous	1,085,190	1,085,190	947,767	137,423
Public Works				
County Surveyor	105,919	105,919	84,512	21,407
Public Health				
Miscellaneous	121,074	121,074	115,485	5,589
Public Assistance				
Veterans' Service Officer	129,429	129,429	126,632	2,797
Miscellaneous	56,831	56,831	69,331	(12,500)
Culture and Recreation				
Miscellaneous	337,240	337,240	338,530	(1,290)
TOTAL DISBURSEMENTS	12,497,528	12,511,568	11,607,574	903,994
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	2,307,336	2,293,296	3,024,937	731,641
OTHER FINANCING SOURCES (USES)				
Transfers in	6,246,879	6,246,879	1,890,323	(4,356,556)
Transfers out	(6,132,504)	(6,132,504)	(3,282,970)	2,849,534
TOTAL OTHER FINANCING SOURCES (USES)	114,375	114,375	(1,392,647)	(1,507,022)
Net Change in Fund Balance	2,421,711	2,407,671	1,632,290	(775,381)
FUND BALANCES - BEGINNING	968,492	968,492	968,492	-
FUND BALANCES - ENDING	\$ 3,390,203	\$ 3,376,163	\$ 2,600,782	\$ (775,381)

BUFFALO COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 2,210,500	\$ 2,210,500	\$ 2,261,111	\$ 50,611
Miscellaneous	75,000	75,000	94,420	19,420
TOTAL RECEIPTS	<u>2,285,500</u>	<u>2,285,500</u>	<u>2,355,531</u>	<u>70,031</u>
DISBURSEMENTS	<u>4,882,971</u>	<u>4,882,971</u>	<u>4,591,126</u>	<u>291,845</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(2,597,471)	(2,597,471)	(2,235,595)	361,876
OTHER FINANCING SOURCES (USES)				
Transfers in	2,395,667	2,395,667	2,168,870	(226,797)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,395,667</u>	<u>2,395,667</u>	<u>2,168,870</u>	<u>(226,797)</u>
Net Change in Fund Balance	(201,804)	(201,804)	(66,725)	135,079
FUND BALANCE - BEGINNING	201,804	201,804	201,804	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,079</u>	<u>\$ 135,079</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 600,000	\$ 600,000	\$ 435,981	\$ (164,019)
Intergovernmental	-	-	143,846	143,846
TOTAL RECEIPTS	<u>600,000</u>	<u>600,000</u>	<u>579,827</u>	<u>(20,173)</u>
DISBURSEMENTS	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	590,000	590,000	579,827	(10,173)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,080,800	1,080,800	1,080,800	-
Transfers out	(4,458,280)	(4,458,280)	(3,599,125)	859,155
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,377,480)</u>	<u>(3,377,480)</u>	<u>(2,518,325)</u>	<u>859,155</u>
Net Change in Fund Balance	(2,787,480)	(2,787,480)	(1,938,498)	848,982
FUND BALANCE - BEGINNING	2,787,480	2,787,480	2,787,480	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 848,982</u>	<u>\$ 848,982</u>

(Continued)

BUFFALO COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>BUILDING AND REPAIR FUND</u>				
RECEIPTS				
Interest	\$ 376,000	\$ 376,000	\$ 489,284	\$ 113,284
TOTAL RECEIPTS	376,000	376,000	489,284	113,284
DISBURSEMENTS				
	-	-	-	-
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS				
	376,000	376,000	489,284	113,284
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	190,000	190,000
Transfers out	(1,777,400)	(1,777,400)	-	1,777,400
TOTAL OTHER FINANCING SOURCES (USES)	(1,777,400)	(1,777,400)	190,000	1,967,400
Net Change in Fund Balance	(1,401,400)	(1,401,400)	679,284	2,080,684
FUND BALANCE - BEGINNING	1,401,400	1,401,400	1,401,400	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,080,684</u>	<u>\$ 2,080,684</u>

(Concluded)

BUFFALO COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2007

BUDGETARY COMPARISON SCHEDULES

GAAP Requirements

Generally Accepted Accounting Principles (GAAP) requires budgetary comparison schedules for the General Fund, and for each major special revenue fund that has a legally adopted annual budget. GAAP further requires the budgetary comparison schedules to include the *original budget* and *final budget* amounts. The *original budget* is the first complete appropriated budget adjusted by reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes *before* the beginning of the fiscal year. The original budget would also include actual appropriation amounts automatically carried over from prior years when required by law. The *final budget* is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year as approved by the County Board or otherwise legally authorized.

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 revenues which have actually been 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 revenue 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 shall adopt the budget and appropriate 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 expenditures of any fund, an additional public hearing 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.

BUFFALO COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	Special Bridge Fund	Visitor Promotion Fund	Unemployment Fund	Medical Relief Fund	Institutions Fund	Veterans' Aid Fund
RECEIPTS						
Property Taxes	\$ -	\$ 342,286	\$ -	\$ 127	\$ 26	\$ 22,267
Interest	-	222	-	-	-	-
Intergovernmental	-	-	-	-	-	1,588
Charges for Services	-	-	-	-	-	-
Miscellaneous	-	-	-	8,273	-	-
TOTAL RECEIPTS	<u>-</u>	<u>342,508</u>	<u>-</u>	<u>8,400</u>	<u>26</u>	<u>23,855</u>
DISBURSEMENTS						
Public Safety	-	-	-	-	-	-
Public Works	1,053,371	-	-	-	-	-
Public Assistance	-	-	-	87,710	10,299	25,000
Culture and Recreation	-	342,100	-	-	-	-
TOTAL DISBURSEMENTS	<u>1,053,371</u>	<u>342,100</u>	<u>-</u>	<u>87,710</u>	<u>10,299</u>	<u>25,000</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(1,053,371)</u>	<u>408</u>	<u>-</u>	<u>(79,310)</u>	<u>(10,273)</u>	<u>(1,145)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,072,560	-	-	90,765	11,250	-
Transfers out	-	(2,600)	-	(8,305)	(268)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,072,560</u>	<u>(2,600)</u>	<u>-</u>	<u>82,460</u>	<u>10,982</u>	<u>-</u>
Net Change in Fund Balances	19,189	(2,192)	-	3,150	709	(1,145)
FUND BALANCES - BEGINNING	<u>442</u>	<u>30,965</u>	<u>26,251</u>	<u>(505)</u>	<u>(268)</u>	<u>4,260</u>
FUND BALANCES - ENDING	<u>\$ 19,631</u>	<u>\$ 28,773</u>	<u>\$ 26,251</u>	<u>\$ 2,645</u>	<u>\$ 441</u>	<u>\$ 3,115</u>

(Continued)

BUFFALO COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	STOP Program Fund	Drug Fund	911 Emergency Service Fund	Weed Fund	Bond Debt Fund	Re-use Economic Development Fund	Total Nonmajor Governmental Funds
RECEIPTS							
Property Taxes	\$ -	\$ -	\$ 142,851	\$ -	\$ 27	\$ -	\$ 507,584
Interest	-	-	-	-	-	-	222
Intergovernmental	-	-	1,041	-	-	42,900	45,529
Charges for Services	-	-	-	151,036	-	-	151,036
Miscellaneous	23,275	-	13,604	-	-	-	45,152
TOTAL RECEIPTS	<u>23,275</u>	<u>-</u>	<u>157,496</u>	<u>151,036</u>	<u>27</u>	<u>42,900</u>	<u>749,523</u>
DISBURSEMENTS							
Public Safety	16,932	-	415,217	-	-	-	432,149
Public Works	-	-	-	370,893	-	-	1,424,264
Public Assistance	-	-	-	-	-	-	123,009
Culture and Recreation	-	-	-	-	-	-	342,100
TOTAL DISBURSEMENTS	<u>16,932</u>	<u>-</u>	<u>415,217</u>	<u>370,893</u>	<u>-</u>	<u>-</u>	<u>2,321,522</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>6,343</u>	<u>-</u>	<u>(257,721)</u>	<u>(219,857)</u>	<u>27</u>	<u>42,900</u>	<u>(1,571,999)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	167,000	221,700	-	-	1,563,275
Transfers out	-	-	-	-	-	-	(11,173)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>167,000</u>	<u>221,700</u>	<u>-</u>	<u>-</u>	<u>1,552,102</u>
Net Change in Fund Balances	6,343	-	(90,721)	1,843	27	42,900	(19,897)
FUND BALANCES - BEGINNING	<u>9,149</u>	<u>2,134</u>	<u>115,857</u>	<u>15,686</u>	<u>26</u>	<u>-</u>	<u>203,997</u>
FUND BALANCES - ENDING	<u>\$ 15,492</u>	<u>\$ 2,134</u>	<u>\$ 25,136</u>	<u>\$ 17,529</u>	<u>\$ 53</u>	<u>\$ 42,900</u>	<u>\$ 184,100</u>

(Concluded)

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

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
SPECIAL BRIDGE FUND				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	2,238,398	2,238,398	1,053,371	1,185,027
OTHER FINANCING SOURCES (USES)				
Transfers in	2,237,956	2,237,956	1,072,560	(1,165,396)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	2,237,956	2,237,956	1,072,560	(1,165,396)
Net Change in Fund Balance	(442)	(442)	19,189	19,631
FUND BALANCE - BEGINNING	442	442	442	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 19,631	\$ 19,631
VISITOR PROMOTION FUND				
RECEIPTS				
Taxes	\$ 336,135	\$ 336,135	\$ 342,286	\$ 6,151
Interest	-	-	222	222
TOTAL RECEIPTS	336,135	336,135	342,508	6,373
DISBURSEMENTS	364,500	364,500	342,100	22,400
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(2,600)	(2,600)	(2,600)	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,600)	(2,600)	(2,600)	-
Net Change in Fund Balance	(30,965)	(30,965)	(2,192)	28,773
FUND BALANCE - BEGINNING	30,965	30,965	30,965	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 28,773	\$ 28,773

(Continued)

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

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
UNEMPLOYMENT FUND				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	26,251	26,251	-	26,251
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balance	(26,251)	(26,251)	-	26,251
FUND BALANCE - BEGINNING	26,251	26,251	26,251	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,251</u>	<u>\$ 26,251</u>
MEDICAL RELIEF FUND				
RECEIPTS				
Taxes	\$ -	\$ -	\$ 127	\$ 127
Miscellaneous	10,000	10,000	8,273	(1,727)
TOTAL RECEIPTS	<u>10,000</u>	<u>10,000</u>	<u>8,400</u>	<u>(1,600)</u>
DISBURSEMENTS	<u>132,000</u>	<u>132,000</u>	<u>87,710</u>	<u>44,290</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	130,810	130,810	90,765	(40,045)
Transfers out	(8,305)	(8,305)	(8,305)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>122,505</u>	<u>122,505</u>	<u>82,460</u>	<u>(40,045)</u>
Net Change in Fund Balance	505	505	3,150	2,645
FUND BALANCE - BEGINNING	(505)	(505)	(505)	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,645</u>	<u>\$ 2,645</u>

(Continued)

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

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
INSTITUTIONS FUND				
RECEIPTS				
Taxes	\$ -	\$ -	\$ 26	\$ 26
TOTAL RECEIPTS	-	-	26	26
DISBURSEMENTS	21,000	21,000	10,299	10,701
OTHER FINANCING SOURCES (USES)				
Transfers in	21,536	21,536	11,250	(10,286)
Transfers out	(268)	(268)	(268)	-
TOTAL OTHER FINANCING SOURCES (USES)	21,268	21,268	10,982	(10,286)
Net Change in Fund Balance	268	268	709	441
FUND BALANCE - BEGINNING	(268)	(268)	(268)	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 441</u>	<u>\$ 441</u>
VETERANS' AID FUND				
RECEIPTS				
Taxes	\$ 24,665	\$ 24,665	\$ 22,267	\$ (2,398)
Intergovernmental	1,075	1,075	1,588	513
TOTAL RECEIPTS	25,740	25,740	23,855	(1,885)
DISBURSEMENTS	25,000	25,000	25,000	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balance	740	740	(1,145)	(1,885)
FUND BALANCE - BEGINNING	4,260	4,260	4,260	-
FUND BALANCE - ENDING	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 3,115</u>	<u>\$ (1,885)</u>

(Continued)

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

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
STOP PROGRAM FUND				
RECEIPTS				
Miscellaneous	\$ 22,851	\$ 22,851	\$ 23,275	\$ 424
TOTAL RECEIPTS	22,851	22,851	23,275	424
DISBURSEMENTS	32,000	32,000	16,932	15,068
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balance	(9,149)	(9,149)	6,343	15,492
FUND BALANCE - BEGINNING	9,149	9,149	9,149	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,492</u>	<u>\$ 15,492</u>
DRUG FUND				
RECEIPTS				
Miscellaneous	\$ 28,366	\$ 28,366	\$ -	\$ (28,366)
TOTAL RECEIPTS	28,366	28,366	-	(28,366)
DISBURSEMENTS	30,500	30,500	-	30,500
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balance	(2,134)	(2,134)	-	2,134
FUND BALANCE - BEGINNING	2,134	2,134	2,134	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,134</u>	<u>\$ 2,134</u>

(Continued)

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

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
911 EMERGENCY SERVICE FUND				
RECEIPTS				
Taxes	\$ 149,143	\$ 149,143	\$ 142,851	\$ (6,292)
Intergovernmental	-	-	1,041	1,041
Miscellaneous	-	-	13,604	13,604
TOTAL RECEIPTS	149,143	149,143	157,496	8,353
DISBURSEMENTS	265,000	430,000	415,217	14,783
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	167,000	167,000
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	167,000	167,000
Net Change in Fund Balance	(115,857)	(280,857)	(90,721)	190,136
FUND BALANCE - BEGINNING	115,857	115,857	115,857	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ (165,000)</u>	<u>\$ 25,136</u>	<u>\$ 190,136</u>
WEED FUND				
RECEIPTS				
Intergovernmental	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Charges for Services	85,000	85,000	151,036	66,036
TOTAL RECEIPTS	95,000	95,000	151,036	56,036
DISBURSEMENTS	376,421	376,421	370,893	5,528
OTHER FINANCING SOURCES (USES)				
Transfers in	265,735	265,735	221,700	(44,035)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	265,735	265,735	221,700	(44,035)
Net Change in Fund Balance	(15,686)	(15,686)	1,843	17,529
FUND BALANCE - BEGINNING	15,686	15,686	15,686	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,529</u>	<u>\$ 17,529</u>

(Continued)

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

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BOND DEBT FUND				
RECEIPTS				
Taxes	\$ -	\$ -	\$ 27	\$ 27
TOTAL RECEIPTS	-	-	27	27
DISBURSEMENTS				
	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(26)	(26)	-	26
TOTAL OTHER FINANCING SOURCES (USES)	(26)	(26)	-	26
Net Change in Fund Balance	(26)	(26)	27	53
FUND BALANCE - BEGINNING	26	26	26	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53</u>	<u>\$ 53</u>
RE-USE ECONOMIC DEVELOPMENT FUND				
RECEIPTS				
Intergovernmental	\$ -	\$ -	\$ 42,900	\$ 42,900
TOTAL RECEIPTS	-	-	42,900	42,900
DISBURSEMENTS				
	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balance	-	-	42,900	42,900
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,900</u>	<u>\$ 42,900</u>

(Concluded)

BUFFALO COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2007

	County Clerk	Register of Deeds	Clerk of the District Court	County Sheriff	County Attorney	Weed Superintendent
BALANCE JULY 1, 2006	\$ 300	\$ 68,346	\$ 1,059,158	\$ 74,562	\$ 44,663	\$ 61,748
RECEIPTS						
Property Taxes	-	-	-	147,806	-	-
Licenses and Permits	5,835	-	-	-	-	-
Charges for Services	4,364	300,184	87,636	1,014,182	-	157,086
Miscellaneous	-	-	-	-	-	-
State Fees	-	343,187	51,326	-	-	420
Other Liabilities	-	-	1,346,750	64,048	6,017	-
TOTAL RECEIPTS	10,199	643,371	1,485,712	1,226,036	6,017	157,506
DISBURSEMENTS						
Payments to County Treasurer	10,124	291,666	86,221	1,161,422	-	151,036
Payments to State Treasurer	-	312,321	49,357	-	-	427
Other Liabilities	-	-	1,876,361	60,830	17,297	-
TOTAL DISBURSEMENTS	10,124	603,987	2,011,939	1,222,252	17,297	151,463
 BALANCE JUNE 30, 2007	 \$ 375	 \$ 107,730	 \$ 532,931	 \$ 78,346	 \$ 33,383	 \$ 67,791
BALANCE CONSISTS OF:						
Due to County Treasurer	\$ 290	\$ 38,147	\$ 5,572	\$ 43,017	\$ -	\$ 67,791
Petty Cash	85	-	1,000	1,000	1,500	-
Due to State Treasurer	-	67,639	5,086	-	-	-
Due to Others	-	1,944	521,273	34,329	31,883	-
BALANCE JUNE 30, 2007	\$ 375	\$ 107,730	\$ 532,931	\$ 78,346	\$ 33,383	\$ 67,791

(Continued)

BUFFALO COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2007

	Highway Superintendent	Veterans' Service Officer	County Election Commissioner	County Planning and Zoning	Total
BALANCE JULY 1, 2006	\$ 37,587	\$ 32,367	\$ -	\$ 50	\$ 1,378,781
RECEIPTS					
Property Taxes	-	-	-	-	147,806
Licenses and Permits	-	-	-	4,265	10,100
Charges for Services	101,974	-	531	-	1,665,957
Miscellaneous	-	-	-	5	5
State Fees	97	-	-	-	395,030
Other Liabilities	-	25,047	-	-	1,441,862
TOTAL RECEIPTS	102,071	25,047	531	4,270	3,660,760
DISBURSEMENTS					
Payments to County Treasurer	94,397	-	531	4,270	1,799,667
Payments to State Treasurer	76	-	-	-	362,181
Other Liabilities	-	32,912	-	-	1,987,400
TOTAL DISBURSEMENTS	94,473	32,912	531	4,270	4,149,248
 BALANCE JUNE 30, 2007	 \$ 45,185	 \$ 24,502	 \$ -	 \$ 50	 \$ 890,293
BALANCE CONSISTS OF:					
Due to County Treasurer	\$ 45,152	\$ -	\$ -	\$ -	\$ 199,969
Petty Cash	-	-	-	50	3,635
Due to State Treasurer	33	-	-	-	72,758
Due to Others	-	24,502	-	-	613,931
BALANCE JUNE 30, 2007	\$ 45,185	\$ 24,502	\$ -	\$ 50	\$ 890,293

(Concluded)

BUFFALO COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2007

Item	2002	2003	2004	2005	2006
Tax Certified by Assessor					
Real Estate	\$ 32,379,006	\$ 34,551,636	\$ 36,594,587	\$ 38,873,647	\$ 42,957,626
Personal and Specials	4,118,756	4,605,598	4,575,874	4,434,737	4,768,422
Total	36,497,762	39,157,234	41,170,461	43,308,384	47,726,048
Corrections					
Additions	27,551	430,724	78,120	57,454	209,587
Deductions	(52,598)	(142,508)	(78,191)	(29,587)	(59,507)
Net Additions/ (Deductions)	(25,047)	288,216	(71)	27,867	150,080
Corrected Certified Tax	36,472,715	39,445,450	41,170,390	43,336,251	47,876,128
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2003	20,593,347	-	-	-	-
June 30, 2004	15,857,075	22,352,035	-	-	-
June 30, 2005	7,021	16,962,024	23,383,094	-	-
June 30, 2006	4,299	10,015	17,714,633	24,552,758	-
June 30, 2007	9,557	10,915	21,421	18,688,690	26,945,193
Total Net Collections	36,471,299	39,334,989	41,119,148	43,241,448	26,945,193
Total Uncollected Tax	\$ 1,416	\$ 110,461	\$ 51,242	\$ 94,803	\$ 20,930,935
Percentage Uncollected Tax	0.00%	0.28%	0.12%	0.22%	43.72%

BUFFALO COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF JUSTICE		
Passed through State Commission on Law Enforcement and Criminal Justice Public Safety Partnership and Community Policing Grants	16.710	\$ 22,060
Total U.S. Department of JUSTICE		<u>22,060</u>
U.S. DEPARTMENT OF HOMELAND SECURITY		
Passed through Nebraska Military Department State Domestic Preparedness Equipment Support Program (State Homeland Security Grant Program)	97.004*	423,011
Emergency Management Performance Grants	97.042	<u>41,053</u>
Total U.S. Department of Homeland Security		<u>464,064</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Passed through Nebraska Department of Health and Human Services Child Support Enforcement	93.563	217,303
Rural Access to Emergency Devices Grant	93.259*	<u>399,391</u>
Total U.S. Department of Health and Human Services		<u>616,694</u>
U.S. DEPARTMENT OF TRANSPORTATION		
Passed through Nebraska Department of Motor Vehicles State and Community Highway Safety	20.600	<u>4,220</u>
Total U.S. Department of Transportation		<u>4,220</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u><u>\$ 1,107,038</u></u>

BUFFALO COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. General

The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity of all federal awards programs of Buffalo County (the County), except as noted in Note 2 below. The County's reporting entity is defined in Note 1.A. to the County's financial statements. Federal awards received directly from federal agencies, as well as those passed through other government agencies, are included in the Schedule. Unless otherwise noted on the Schedule, all programs are received directly from the respective federal agency. Due to the operations of the County, the accumulation of amounts passed to subrecipients by the County is not practical.

2. Summary of Significant Accounting Policies

A. **Reporting Entity**

The County's reporting entity is defined in Note 1.A. to the financial statements. The accompanying Schedule includes the federal awards programs administered by the County for the fiscal year ended June 30, 2007.

B. **Basis of Presentation**

The accompanying Schedule presents total expenditures for each federal awards program in accordance with Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements. Federal program titles are reported as presented in the Catalog of Federal Domestic Assistance (CFDA), whenever possible.

Federal Awards. Pursuant to OMB Circular A-133, federal awards are defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations.

Major Programs. In accordance with OMB Circular A-133, major programs are determined using a risk-based approach. Programs in the accompanying Schedule denoted with an asterisk (*) are considered major programs.

C. **Basis of Accounting**

The accompanying schedule was prepared on the cash basis of accounting.

Matching Costs. The Schedule does not include matching expenditures from general revenues of the County.



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

Board of Supervisors
Buffalo County, Nebraska

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buffalo County as of and for the year ended June 30, 2007, and have issued our report thereon dated December 27, 2007. The report notes the financial statements were prepared on the basis of cash receipts and disbursements. Except as noted above, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Buffalo County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Buffalo County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination

of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiency to be a significant deficiency in internal control over financial reporting:

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency described above to be a material weakness.

Compliance and Other Matters

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

We noted certain matters that we reported to management of Buffalo County in a separate letter dated December 27, 2007.

This report is intended solely for the information and use of management, the County Board, others within the entity, the State Legislature, the appropriate Federal and regulatory agencies, and citizens of the State of Nebraska, and is not intended to be and should not be used by anyone other than these specified parties.



Assistant Deputy Auditor

December 27, 2007



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BUFFALO COUNTY
**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Supervisors
Buffalo County, Nebraska

Compliance

We have audited the compliance of Buffalo County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. Buffalo County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Buffalo County's management. Our responsibility is to express an opinion on Buffalo County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Buffalo County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Buffalo County's compliance with those requirements.

In our opinion, Buffalo County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Buffalo County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Buffalo County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the County Board, others within the entity, the State Legislature, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



Assistant Deputy Auditor

December 27, 2007

BUFFALO COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I. SUMMARY OF AUDITOR'S RESULTS

Type of auditor's report issued: **Unqualified**

Internal control over financial reporting:

Material weaknesses identified? X Yes No

Significant Deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

Internal control over major programs:

Material weaknesses identified? Yes X No

Significant Deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Type of auditor's report issued on compliance for major programs: **Unqualified**

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133: Yes X No

Major programs: **Homeland Security Cluster, CFDA #97.004**
Rural Access to Emergency Devices Grant CFDA # 93.259

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee: Yes X No

SECTION II. FINANCIAL STATEMENT FINDINGS

Condition - There is a lack of segregation of accounting functions among various County offices and personnel. This is a continuing item from the prior year.

Criteria - Authorization or approval of transactions, recording of transactions, and custody of assets should normally be segregated from each other.

BUFFALO COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

SECTION II. FINANCIAL STATEMENT FINDINGS (Concluded)

Effect of the Condition - This lack of segregation of duties results in an inadequate overall internal control structure design.

Cause of the Condition - The County does not employ sufficient office personnel to properly segregate accounting functions.

Recommendation - The County should be aware of the inherent risks associated with improper segregation of accounting functions. The County should also develop mitigating controls to reduce the risk of errors or fraud associated with improper segregation of accounting functions.

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Noted.