

**AUDIT REPORT
OF
OTOE COUNTY**

JULY 1, 2009 THROUGH JUNE 30, 2010

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the Auditor of Public Accounts.**

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Issued on February 2, 2011

OTOE COUNTY

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OTOE COUNTY

LIST OF COUNTY OFFICIALS

At June 30, 2010

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Carol Crook	Board of Commissioners	Jan. 2011
Richard Freshman		Jan. 2011
Nickola Kreifels		Jan. 2011
Steven Lade		Jan. 2013
Timothy Nelsen		Jan. 2011
Therese Gruber	Assessor	Jan. 2011
David Partsch	Attorney	Jan. 2011
Janene Bennett	Clerk Election Commissioner	Jan. 2011
Janet Reed	Register of Deeds	
Janis Riege	Clerk of the District Court	Jan. 2011
James Gress	Sheriff	Jan. 2011
Jackie Smith	Treasurer	Jan. 2011
Marvin Pesek	Veterans' Service Officer	Appointed



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
State Auditor

Mike.Foley@nebraska.gov
P.O. Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
www.auditors.state.ne.us

OTOE COUNTY

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Otoe County, Nebraska

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Otoe County, as of and for the year ended June 30, 2010, 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 Otoe County, as of June 30, 2010, 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 January 25, 2011, on our consideration of Otoe 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. 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.

Signed Original on File

January 25, 2011

Deann Haeffner, CPA
Assistant Deputy Auditor

OTOE COUNTY
STATEMENT OF NET ASSETS - CASH BASIS
 June 30, 2010

	Governmental Activities
	<u> </u>
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 3,284,098
Investments (Note 1.D)	5,133
TOTAL ASSETS	<u><u>\$ 3,289,231</u></u>
NET ASSETS	
Restricted for:	
911 Surcharge	\$ 201,398
Homeland Security Grant	48,851
Other Purposes	35,604
Unrestricted	<u>3,003,378</u>
TOTAL NET ASSETS	<u><u>\$ 3,289,231</u></u>

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

OTOE COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended June 30, 2010

Functions:	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Assets
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ (3,581,268)	\$ 499,747	\$ 98,438	\$ (2,983,083)
Public Safety	(2,045,640)	70,019	507,357	(1,468,264)
Public Works	(5,025,630)	-	1,344,279	(3,681,351)
Health and Sanitation	(54,758)	-	-	(54,758)
Public Assistance	(151,794)	-	-	(151,794)
Culture and Recreation	(97,942)	-	-	(97,942)
Debt Payments	(226,240)	-	-	(226,240)
Total Governmental Activities	<u>\$ (11,183,272)</u>	<u>\$ 569,766</u>	<u>\$ 1,950,074</u>	<u>(8,663,432)</u>

General Receipts:

Property Taxes	5,484,880
Grants and Contributions Not Restricted to Specific Programs	663,618
Investment Income	66,313
Licenses and Permits	70,623
Bond Proceeds	2,503,313
Miscellaneous	62,492
Total General Receipts	<u>8,851,239</u>
Change in Net Assets	187,807
Net Assets - Beginning	3,101,424
Net Assets - Ending	<u>\$ 3,289,231</u>

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

OTOE COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
 June 30, 2010

	<u>General Fund</u>	<u>Road Fund</u>	<u>Inheritance Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents (Note 1.D)	\$ 1,101,900	\$ 244,145	\$ 1,273,035	\$ 665,018	\$ 3,284,098
Investments (Note 1.D)	5,133	-	-	-	5,133
TOTAL ASSETS	<u><u>\$ 1,107,033</u></u>	<u><u>\$ 244,145</u></u>	<u><u>\$ 1,273,035</u></u>	<u><u>\$ 665,018</u></u>	<u><u>\$ 3,289,231</u></u>
FUND BALANCES					
Unreserved, reported in:					
General fund	\$ 1,107,033	\$ -	\$ -	\$ -	\$ 1,107,033
Special revenue funds	-	244,145	1,273,035	665,018	2,182,198
TOTAL CASH BASIS FUND BALANCES	<u><u>\$ 1,107,033</u></u>	<u><u>\$ 244,145</u></u>	<u><u>\$ 1,273,035</u></u>	<u><u>\$ 665,018</u></u>	<u><u>\$ 3,289,231</u></u>

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

OTOE COUNTY
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

	<u>General Fund</u>	<u>Road Fund</u>	<u>Inheritance Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
RECEIPTS					
Property Taxes	\$ 4,833,368	\$ 1,468	\$ 499,466	\$ 150,578	\$ 5,484,880
Licenses and Permits	69,373	1,250	-	-	70,623
Interest	58,019	8,242	-	52	66,313
Intergovernmental	798,765	1,727,598	25,781	61,548	2,613,692
Charges for Services	468,366	-	-	101,400	569,766
Miscellaneous	5,197	2,512,345	10	48,253	2,565,805
TOTAL RECEIPTS	<u>6,233,088</u>	<u>4,250,903</u>	<u>525,257</u>	<u>361,831</u>	<u>11,371,079</u>
DISBURSEMENTS					
General Government	2,736,076	-	701,440	143,752	3,581,268
Public Safety	1,826,803	-	-	218,837	2,045,640
Public Works	72,047	4,939,962	-	13,621	5,025,630
Health and Sanitation	54,758	-	-	-	54,758
Public Assistance	151,794	-	-	-	151,794
Culture and Recreation	5,402	-	-	92,540	97,942
Debt Service:					
Principal Payments	-	145,000	-	-	145,000
Interest and Fiscal Charges	-	81,240	-	-	81,240
TOTAL DISBURSEMENTS	<u>4,846,880</u>	<u>5,166,202</u>	<u>701,440</u>	<u>468,750</u>	<u>11,183,272</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,386,208</u>	<u>(915,299)</u>	<u>(176,183)</u>	<u>(106,919)</u>	<u>187,807</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	81,758	953,771	-	5,275	1,040,804
Transfers out	(959,046)	(81,758)	-	-	(1,040,804)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(877,288)</u>	<u>872,013</u>	<u>-</u>	<u>5,275</u>	<u>-</u>
Net Change in Fund Balances	508,920	(43,286)	(176,183)	(101,644)	187,807
CASH BASIS FUND BALANCES - BEGINNING	<u>598,113</u>	<u>287,431</u>	<u>1,449,218</u>	<u>766,662</u>	<u>3,101,424</u>
CASH BASIS FUND BALANCES - ENDING	<u>\$ 1,107,033</u>	<u>\$ 244,145</u>	<u>\$ 1,273,035</u>	<u>\$ 665,018</u>	<u>\$ 3,289,231</u>

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

OTOE COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - CASH BASIS
FIDUCIARY FUNDS
 June 30, 2010

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 1,034,928
 LIABILITIES	
Due to other governments	
State	248,913
Schools	666,287
Educational Service Units	6,194
Technical College	11,560
Natural Resource Districts	7,624
Fire Districts	3,185
Municipalities	66,036
Agricultural Society	794
Sanitary and Improvement Districts	1,420
Hospital	10,630
Others	12,285
TOTAL LIABILITIES	1,034,928
TOTAL NET ASSETS	\$ -

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

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2010

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

Otoe 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 V - 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: 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 \$53,070 toward the operation of the Region during fiscal year 2010. 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.

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Health Department – The County has entered into an agreement with Southeast District Health Department (Department) to provide public health services. Agreements were established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 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. The County did not contribute toward the operation of the Department during fiscal year 2010. 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 Neb. Rev. Stat. § 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 was considered immaterial and 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 receipts, and other nonexchange transactions.

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

Fund Financial Statements. The fund financial statements provide information about the County's funds, including its fiduciary funds. GAAP requires separate statements by fund category - governmental, proprietary, and fiduciary. The County uses only the governmental and fiduciary fund categories. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds.

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 receipts generated from inheritance taxes.

The County reports the following additional 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.

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. Receipts are recognized when received and disbursements are recognized when warrants are paid. This differs from governmental GAAP, which requires the government-wide and fiduciary fund financial statements to be reported using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus and basis of accounting receipts are recorded when earned and disbursements are recorded when a liability is incurred, regardless of the timing of related cash flows.

The governmental fund financial statements were also reported on the cash receipt and disbursement basis of accounting. As such, the same measurement focus and basis of accounting were used as described above. This differs from governmental GAAP, which 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, 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

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

current period. Disbursements generally are 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 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. §§ 77-2315, 77-2340, and 77-2341 (Reissue 2009), and generally include U.S. Government obligations, certificates of deposit, and time deposits and securities which are authorized by the Nebraska Investment Council.

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

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

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

Restricted Net 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 \$285,853 of restricted net assets, which is restricted by enabling legislation.

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

2. Deposits and Investments

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

At year end, the County's carrying amount of deposits was \$3,284,098 for County funds and \$1,034,928 for Fiduciary funds. The bank balances for all funds totaled \$4,316,452. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits as of June 30, 2010, 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 \$5,133 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.

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 2009, for the 2009 taxes which will be materially collected in May and September, 2010, was set at \$.336995/\$100 of assessed valuation. The levy set in October 2008, for the 2008 taxes which were materially collected in May and September, 2009, was set at \$.352864/\$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.

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. Retirement System

The Retirement System for Nebraska Counties (the Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2335 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. §§ 23-2307 and 23-2308 (Reissue 2007), 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. 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, 2010, 104 employees contributed \$146,438; the County contributed \$219,655. Additionally, for the year ended June 30, 2010, 16 law enforcement employees and the County contributed \$7,346 in cash contributions for the supplemental law enforcement plan. Lastly, the County paid \$1,960 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 has purchased commercial insurance to cover the risk of loss and believes adequate coverage exists for potential exposures. There was no significant reduction of insurance coverage from the prior year and the County did not incur any expenses which exceeded the coverage amount for the year ended June 30, 2010.

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

6. Interfund Transfers

Interfund transfers for the year ended June 30, 2010, consisted of the following:

Transfers to	Transfers from		Total
	General Fund	Road Fund	
Road Fund	\$ 953,771	\$ -	\$ 953,771
General Fund	-	81,758	81,758
Nonmajor Funds	5,275	-	5,275
Total	<u>\$ 959,046</u>	<u>\$ 81,758</u>	<u>\$ 1,040,804</u>

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

7. Capital Leases Payable

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

	Kenworth Tractor
Balance July 1, 2009	\$ -
Payments	1,200
Purchases	81,753
Balance June 30, 2010	<u>\$ 80,553</u>
Future Payments:	
Year	
2011	17,177
2012	17,176
2013	17,177
2014	17,176
2015	17,177
Total Payments	85,883
Less Interest	5,330
Present Value of Future Minimum Lease Payments	<u>\$ 80,553</u>
Carrying Value of the related Fixed asset	<u>\$ 80,152</u>

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

8. Landfill Postclosure Care Costs

The County owns a solid waste disposal area which discontinued operations in 1993. The County must adhere to certain closure and postclosure care requirements under legislation, including monitoring the groundwater conditions and general site maintenance. The County maintains a Landfill Fund to account for these disbursements. The Landfill Fund balance at June 30, 2009, was \$276,660. The County anticipates the Landfill Fund to have sufficient funds to cover future expenses of the disposal site.

9. 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.

10. Long Term Debt

The County issued Highway bonds in July 2009 in the amount of \$2,535,000 for the purpose of paying the costs associated with road projects in the County. The bond payable balance as of June 30, 2010 was \$2,390,000. 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, although the County intends to use future highway allocation resources to pay off the bonds.

Future Payments:

Year	Principal	Interest	Total
2011	\$ 140,000	\$ 85,157	\$ 225,157
2012	140,000	82,848	222,848
2013	145,000	80,048	225,048
2014	150,000	76,495	226,495
2015	155,000	69,817	224,817
2016-2020	850,000	280,298	1,130,298
2021-2024	810,000	90,939	900,939
Total Payments	<u>\$ 2,390,000</u>	<u>\$ 765,602</u>	<u>\$ 3,155,602</u>

10. Rural Road Improvement District

A Rural Road Improvement District was established in 2001 within a portion of the County to improve a specific road. A debt agreement was entered into with American National Bank in the principal amount of \$114,235 in September 2002. A special assessment was established by the County on the homeowners within the Rural Road Improvement District. The County makes annual payments in the amount of \$14,137 which includes interest at 3.9%. The balance at June 30, 2010, was \$18,143.

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 4,933,307	\$ 4,933,307	\$ 4,833,368	\$ (99,939)
Licenses and Permits	63,600	63,600	69,373	5,773
Interest	100,000	100,000	58,019	(41,981)
Intergovernmental	450,080	450,080	798,765	348,685
Charges for Services	443,600	443,600	468,366	24,766
Miscellaneous	601,500	601,500	5,197	(596,303)
TOTAL RECEIPTS	<u>6,592,087</u>	<u>6,592,087</u>	<u>6,233,088</u>	<u>(358,999)</u>
DISBURSEMENTS				
General Government:				
County Board	109,200	109,200	107,741	1,459
County Clerk	101,580	101,580	101,101	479
County Treasurer	173,570	173,570	170,080	3,490
Register of Deeds	107,071	107,071	105,520	1,551
County Assessor	212,810	212,810	209,137	3,673
Election Commissioner	68,585	68,585	56,250	12,335
Planning Commission	46,097	46,097	39,485	6,612
Child Support	45,027	45,027	43,622	1,405
Clerk of the District Court	86,786	86,786	79,747	7,039
County Court System	10,780	10,780	8,732	2,048
Coroner	25,000	25,000	23,766	1,234
Public Defender	117,441	117,441	116,212	1,229
Building and Grounds	165,771	165,771	156,349	9,422
Agricultural Extension Agent	93,992	93,992	91,911	2,081
Miscellaneous	1,541,010	1,539,224	1,426,423	112,801
Public Safety:				
County Sheriff	959,483	959,483	887,704	71,779
County Attorney	178,024	178,024	174,595	3,429
Nuclear Accident Emergency	22,700	22,700	20,869	1,831
County Jail	701,300	701,300	614,130	87,170
Emergency Management	88,531	88,531	67,636	20,895
Emergency Equipment	600,000	600,000	20,197	579,803
Miscellaneous	49,464	49,464	41,672	7,792
Public Works:				
County Surveyor	39,650	39,650	36,047	3,603
Miscellaneous	36,000	36,000	36,000	-

(Continued)

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DISBURSEMENTS (Continued)				
Public Health:				
Miscellaneous	70,247	70,247	54,758	15,489
Public Assistance:				
Veterans' Service Officer	68,518	68,518	60,213	8,305
Veterans' Aid	13,000	13,000	6,827	6,173
County Relief	40,000	40,000	18,385	21,615
Miscellaneous	14,392	14,392	19,683	(5,291)
Welfare Assistance	44,900	46,686	46,686	-
Culture and Recreation:				
Museum	5,500	5,500	5,402	98
TOTAL DISBURSEMENTS	<u>5,836,429</u>	<u>5,836,429</u>	<u>4,846,880</u>	<u>989,549</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>755,658</u>	<u>755,658</u>	<u>1,386,208</u>	<u>630,550</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	81,758	81,758
Transfers out	(953,771)	(953,771)	(959,046)	(5,275)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(953,771)</u>	<u>(953,771)</u>	<u>(877,288)</u>	<u>76,483</u>
Net Change in Fund Balance	(198,113)	(198,113)	508,920	707,033
FUND BALANCES - BEGINNING	598,113	598,113	598,113	-
FUND BALANCES - ENDING	<u>\$ 400,000</u>	<u>\$ 400,000</u>	<u>\$ 1,107,033</u>	<u>\$ 707,033</u>

(Concluded)

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Taxes	\$ -	\$ -	\$ 1,468	\$ 1,468
Licenses and Permits	-	-	1,250	1,250
Interest	5,000	5,000	8,242	3,242
Intergovernmental	2,379,750	2,379,750	1,727,598	(652,152)
Miscellaneous	2,510,813	2,510,813	2,512,345	1,532
TOTAL RECEIPTS	<u>4,895,563</u>	<u>4,895,563</u>	<u>4,250,903</u>	<u>(644,660)</u>
DISBURSEMENTS	<u>6,136,765</u>	<u>6,136,765</u>	<u>5,166,202</u>	<u>970,563</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(1,241,202)</u>	<u>(1,241,202)</u>	<u>(915,299)</u>	<u>325,903</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	953,771	953,771	953,771	-
Transfers out	-	-	(81,758)	(81,758)
TOTAL OTHER FINANCING SOURCES (USES)	<u>953,771</u>	<u>953,771</u>	<u>872,013</u>	<u>(81,758)</u>
Net Change in Fund Balance	(287,431)	(287,431)	(43,286)	244,145
FUND BALANCE - BEGINNING	287,431	287,431	287,431	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 244,145</u>	<u>\$ 244,145</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 302,000	\$ 302,000	\$ 499,466	\$ 197,466
Intergovernmental	-	-	25,781	25,781
Miscellaneous	-	-	10	10
TOTAL RECEIPTS	<u>302,000</u>	<u>302,000</u>	<u>525,257</u>	<u>223,257</u>
DISBURSEMENTS	<u>1,751,218</u>	<u>1,751,218</u>	<u>701,440</u>	<u>1,049,778</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(1,449,218)</u>	<u>(1,449,218)</u>	<u>(176,183)</u>	<u>1,273,035</u>
Net Change in Fund Balance	(1,449,218)	(1,449,218)	(176,183)	1,273,035
FUND BALANCE - BEGINNING	1,449,218	1,449,218	1,449,218	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,273,035</u>	<u>\$ 1,273,035</u>

OTOE COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2010

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 receipts 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 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 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 disbursements 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.

OTOE COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

	Visitor's Promotion Fund	Diversion Program Fund	Drug Law Enforcement Fund	Federal Drug Law Enforcement Fund	Local Grants - Sheriff Fund	Homeland Security Grant Fund
RECEIPTS						
Property Taxes	\$ 79,096	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	27	-	-	-
Intergovernmental	-	14,500	-	-	-	47,048
Charges for Services	-	-	-	-	-	-
Miscellaneous	-	-	-	2,477	14,605	-
TOTAL RECEIPTS	<u>79,096</u>	<u>14,500</u>	<u>27</u>	<u>2,477</u>	<u>14,605</u>	<u>47,048</u>
DISBURSEMENTS						
General Government	-	-	-	-	-	-
Public Safety	-	19,245	6,490	-	15,652	4,310
Public Works	-	-	-	-	-	-
Culture and Recreation	92,540	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>92,540</u>	<u>19,245</u>	<u>6,490</u>	<u>-</u>	<u>15,652</u>	<u>4,310</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(13,444)</u>	<u>(4,745)</u>	<u>(6,463)</u>	<u>2,477</u>	<u>(1,047)</u>	<u>42,738</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	5,275	-	-
Transfers out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,275</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(13,444)	(4,745)	(6,463)	7,752	(1,047)	42,738
FUND BALANCES - BEGINNING	<u>33,326</u>	<u>25,704</u>	<u>10,136</u>	<u>-</u>	<u>1,053</u>	<u>6,113</u>
FUND BALANCES - ENDING	<u>\$ 19,882</u>	<u>\$ 20,959</u>	<u>\$ 3,673</u>	<u>\$ 7,752</u>	<u>\$ 6</u>	<u>\$ 48,851</u>

(Continued)

OTOE COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010

	Federal Grant Sheriff Fund	Keno Lottery Fund	911 Surcharge Fund	Building Maintenance Fund	Landfill Fund	Total Nonmajor Governmental Funds
RECEIPTS						
Property Taxes	\$ -	\$ -	\$ 71,482	\$ -	\$ -	\$ 150,578
Interest	-	25	-	-	-	52
Intergovernmental	-	-	-	-	-	61,548
Charges for Services	-	-	-	101,400	-	101,400
Miscellaneous	11,040	20,131	-	-	-	48,253
TOTAL RECEIPTS	<u>11,040</u>	<u>20,156</u>	<u>71,482</u>	<u>101,400</u>	<u>-</u>	<u>361,831</u>
DISBURSEMENTS						
General Government	-	3,414	-	140,338	-	143,752
Public Safety	11,040	-	162,100	-	-	218,837
Public Works	-	-	-	-	13,621	13,621
Culture and Recreation	-	-	-	-	-	92,540
TOTAL DISBURSEMENTS	<u>11,040</u>	<u>3,414</u>	<u>162,100</u>	<u>140,338</u>	<u>13,621</u>	<u>468,750</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>-</u>	<u>16,742</u>	<u>(90,618)</u>	<u>(38,938)</u>	<u>(13,621)</u>	<u>(106,919)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	5,275
Transfers out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,275</u>
Net Change in Fund Balances	-	16,742	(90,618)	(38,938)	(13,621)	(101,644)
FUND BALANCES - BEGINNING	<u>4,291</u>	<u>2,751</u>	<u>292,016</u>	<u>100,991</u>	<u>290,281</u>	<u>766,662</u>
FUND BALANCES - ENDING	<u>\$ 4,291</u>	<u>\$ 19,493</u>	<u>\$ 201,398</u>	<u>\$ 62,053</u>	<u>\$ 276,660</u>	<u>\$ 665,018</u>

(Concluded)

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>VISITOR'S PROMOTION FUND</u>				
RECEIPTS				
Taxes	\$ 92,674	\$ 92,674	\$ 79,096	\$ (13,578)
TOTAL RECEIPTS	<u>92,674</u>	<u>92,674</u>	<u>79,096</u>	<u>(13,578)</u>
DISBURSEMENTS	<u>126,000</u>	<u>126,000</u>	<u>92,540</u>	<u>33,460</u>
Net Change in Fund Balance	(33,326)	(33,326)	(13,444)	19,882
FUND BALANCE - BEGINNING	33,326	33,326	33,326	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,882</u>	<u>\$ 19,882</u>
<u>DIVERSION PROGRAM FUND</u>				
RECEIPTS				
Intergovernmental	\$ -	\$ -	\$ 14,500	\$ 14,500
Miscellaneous	16,296	16,296	-	(16,296)
TOTAL RECEIPTS	<u>16,296</u>	<u>16,296</u>	<u>14,500</u>	<u>(1,796)</u>
DISBURSEMENTS	<u>42,000</u>	<u>42,000</u>	<u>19,245</u>	<u>22,755</u>
Net Change in Fund Balance	(25,704)	(25,704)	(4,745)	20,959
FUND BALANCE - BEGINNING	25,704	25,704	25,704	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,959</u>	<u>\$ 20,959</u>
<u>DRUG LAW ENFORCEMENT FUND</u>				
RECEIPTS				
Interest	\$ -	\$ -	\$ 27	\$ 27
Miscellaneous	69,864	69,864	-	(69,864)
TOTAL RECEIPTS	<u>69,864</u>	<u>69,864</u>	<u>27</u>	<u>(69,837)</u>
DISBURSEMENTS	<u>80,000</u>	<u>80,000</u>	<u>6,490</u>	<u>73,510</u>
Net Change in Fund Balance	(10,136)	(10,136)	(6,463)	3,673
FUND BALANCE - BEGINNING	10,136	10,136	10,136	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,673</u>	<u>\$ 3,673</u>

(Continued)

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
FEDERAL DRUG LAW ENFORCEMENT FUND				
RECEIPTS				
Miscellaneous	\$ 250,000	\$ 250,000	\$ 2,477	\$ (247,523)
TOTAL RECEIPTS	250,000	250,000	2,477	(247,523)
DISBURSEMENTS	250,000	250,000	-	250,000
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	5,275	5,275
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	5,275	5,275
Net Change in Fund Balance	-	-	7,752	7,752
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 7,752	\$ 7,752
LOCAL GRANTS - SHERIFF FUND				
RECEIPTS				
Miscellaneous	\$ 283,947	\$ 283,947	\$ 14,605	\$ (269,342)
TOTAL RECEIPTS	283,947	283,947	14,605	(269,342)
DISBURSEMENTS	285,000	285,000	15,652	269,348
Net Change in Fund Balance	(1,053)	(1,053)	(1,047)	6
FUND BALANCE - BEGINNING	1,053	1,053	1,053	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 6	\$ 6
HOMELAND SECURITY GRANT FUND				
RECEIPTS				
Intergovernmental	\$ 593,887	\$ 593,887	\$ 47,048	\$ (546,839)
TOTAL RECEIPTS	593,887	593,887	47,048	(546,839)
DISBURSEMENTS	600,000	600,000	4,310	595,690
Net Change in Fund Balance	(6,113)	(6,113)	42,738	48,851
FUND BALANCE - BEGINNING	6,113	6,113	6,113	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 48,851	\$ 48,851

(Continued)

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>FEDERAL GRANT SHERIFF FUND</u>				
RECEIPTS				
Intergovernmental	\$ 95,709	\$ 95,709	\$ -	\$ (95,709)
Miscellaneous	-	-	11,040	11,040
TOTAL RECEIPTS	95,709	95,709	11,040	(84,669)
DISBURSEMENTS	100,000	100,000	11,040	88,960
Net Change in Fund Balance	(4,291)	(4,291)	-	4,291
FUND BALANCE - BEGINNING	4,291	4,291	4,291	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,291</u>	<u>\$ 4,291</u>
<u>KENO LOTTERY FUND</u>				
RECEIPTS				
Interest	\$ -	\$ -	\$ 25	\$ 25
Miscellaneous	18,000	18,000	20,131	2,131
TOTAL RECEIPTS	18,000	18,000	20,156	2,156
DISBURSEMENTS	20,751	20,751	3,414	17,337
Net Change in Fund Balance	(2,751)	(2,751)	16,742	19,493
FUND BALANCE - BEGINNING	2,751	2,751	2,751	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,493</u>	<u>\$ 19,493</u>
<u>911 SURCHARGE FUND</u>				
RECEIPTS				
Taxes	\$ 78,000	\$ 78,000	\$ 71,482	\$ (6,518)
TOTAL RECEIPTS	78,000	78,000	71,482	(6,518)
DISBURSEMENTS	370,016	370,016	162,100	207,916
Net Change in Fund Balance	(292,016)	(292,016)	(90,618)	201,398
FUND BALANCE - BEGINNING	292,016	292,016	292,016	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 201,398</u>	<u>\$ 201,398</u>

(Continued)

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>BUILDING MAINTENANCE FUND</u>				
RECEIPTS				
Charges for Services	\$ 93,600	\$ 93,600	\$ 101,400	\$ 7,800
Miscellaneous	200,000	200,000	-	(200,000)
TOTAL RECEIPTS	<u>293,600</u>	<u>293,600</u>	<u>101,400</u>	<u>(192,200)</u>
 DISBURSEMENTS	 <u>394,591</u>	 <u>394,591</u>	 <u>140,338</u>	 <u>254,253</u>
 Net Change in Fund Balance	 (100,991)	 (100,991)	 (38,938)	 62,053
FUND BALANCE - BEGINNING	<u>100,991</u>	<u>100,991</u>	<u>100,991</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,053</u>	<u>\$ 62,053</u>
 <u>LANDFILL FUND</u>				
RECEIPTS				
	\$ -	\$ -	\$ -	\$ -
 DISBURSEMENTS	 <u>290,281</u>	 <u>290,281</u>	 <u>13,621</u>	 <u>276,660</u>
 Net Change in Fund Balance	 (290,281)	 (290,281)	 (13,621)	 276,660
FUND BALANCE - BEGINNING	<u>290,281</u>	<u>290,281</u>	<u>290,281</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 276,660</u>	<u>\$ 276,660</u>
				(Concluded)

OTOE COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2010

	<u>County Clerk</u>	<u>Register of Deeds</u>	<u>Clerk of the District Court</u>	<u>County Sheriff</u>	<u>County Attorney</u>	<u>Child Support Enforcement</u>	<u>County Keno</u>	<u>Total</u>
BALANCE JULY 1, 2009	\$ 6,748	\$ 13,675	\$ 31,952	\$ 12,464	\$ 9,213	\$ 145	\$ 5,478	\$ 79,675
RECEIPTS								
Licenses and Permits	1,335	-	-	-	-	-	-	1,335
Intergovernmental	-	-	-	820	-	-	-	820
Charges for Services	7,604	79,659	34,636	55,744	4,100	-	-	181,743
Miscellaneous	-	-	-	-	4	-	16,632	16,636
State Fees	9,144	82,190	21,941	-	-	-	3,665	116,940
Other Liabilities	-	-	208,521	19,869	84,790	1,860	162,962	478,002
TOTAL RECEIPTS	<u>18,083</u>	<u>161,849</u>	<u>265,098</u>	<u>76,433</u>	<u>88,894</u>	<u>1,860</u>	<u>183,259</u>	<u>795,476</u>
DISBURSEMENTS								
Payments to County Treasurer	11,100	79,045	34,814	57,913	3,790	-	20,131	206,793
Payments to State Treasurer	13,333	76,420	22,193	-	-	-	-	111,946
Other Liabilities	-	-	177,841	22,377	87,511	1,757	159,752	449,238
TOTAL DISBURSEMENTS	<u>24,433</u>	<u>155,465</u>	<u>234,848</u>	<u>80,290</u>	<u>91,301</u>	<u>1,757</u>	<u>179,883</u>	<u>767,977</u>
BALANCE JUNE 30, 2010	<u>\$ 398</u>	<u>\$ 20,059</u>	<u>\$ 62,202</u>	<u>\$ 8,607</u>	<u>\$ 6,806</u>	<u>\$ 248</u>	<u>\$ 8,854</u>	<u>\$ 107,174</u>
BALANCE CONSISTS OF:								
Due to County Treasurer	\$ 398	\$ 8,150	\$ 1,764	\$ 7,489	\$ 4,065	\$ -	\$ 1,289	\$ 23,155
Petty Cash	-	-	100	1,000	500	248	-	1,848
Due to State Treasurer	-	11,909	1,648	-	-	-	287	13,844
Due to Others	-	-	58,690	118	2,241	-	7,278	68,327
BALANCE JUNE 30, 2010	<u>\$ 398</u>	<u>\$ 20,059</u>	<u>\$ 62,202</u>	<u>\$ 8,607</u>	<u>\$ 6,806</u>	<u>\$ 248</u>	<u>\$ 8,854</u>	<u>\$ 107,174</u>

OTOE COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED FOR
ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2010

Item	2005	2006	2007	2008	2009
Tax Certified by Assessor					
Real Estate	\$ 18,443,477	\$ 19,477,089	\$ 20,196,224	\$ 21,416,952	\$ 22,076,572
Personal and Specials	1,289,560	1,246,657	1,712,848	1,927,612	1,898,067
Total	19,733,037	20,723,746	21,909,072	23,344,564	23,974,639
Corrections					
Additions	8,367	16,794	9,594	7,574	9,078
Deductions	(61,358)	(66,200)	(47,170)	(66,913)	(13,318)
Net Additions/ (Deductions)	(52,991)	(49,406)	(37,576)	(59,339)	(4,240)
Corrected Certified Tax	19,680,046	20,674,340	21,871,496	23,285,225	23,970,399
Net Tax Collected by					
County Treasurer during					
Fiscal Year Ending:					
June 30, 2006	11,270,033	-	-	-	-
June 30, 2007	8,388,246	11,855,310	-	-	-
June 30, 2008	13,915	8,798,949	12,825,859	-	-
June 30, 2009	1,069	9,129	9,032,999	13,776,710	-
June 30, 2010	1,480	3,724	397	9,472,525	14,181,137
Total Net Collections	19,674,743	20,667,112	21,859,255	23,249,235	14,181,137
Total Uncollected Tax	\$ 5,303	\$ 7,228	\$ 12,241	\$ 35,990	\$ 9,789,262
Percentage Uncollected Tax	0.03%	0.03%	0.06%	0.15%	40.84%



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
State Auditor

Mike.Foley@nebraska.gov
P.O. Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
www.auditors.state.ne.us

OTOE 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 Commissioners
Otoe County, Nebraska

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Otoe County as of and for the year ended June 30, 2010, and have issued our report thereon dated January 25, 2011. 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 Otoe County's internal control over financial reporting (internal control) 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 Otoe 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 significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been 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 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Otoe 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 also noted certain matters that we reported to management of Otoe County in a separate letter dated January 25, 2011.

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.

Signed Original on File

January 25, 2011

Deann Haeffner, CPA
Assistant Deputy Auditor



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
State Auditor

Mike.Foley@nebraska.gov
P.O. Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
www.auditors.state.ne.us

January 25, 2011

Board of Commissioners
Otoe County, Nebraska

Dear Commissioners:

We have audited the basic financial statements of Otoe County (County) for the fiscal year ended June 30, 2010, and have issued our report thereon dated January 25, 2011. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

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

COUNTY OVERALL

Segregation of Duties

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

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

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

COUNTY BOARD

Claim Process

Good internal control requires the process of reviewing and approving claims be designed to reduce the risk of error.

During our audit we noted petty cash claims submitted by the County Sheriff and Child Support office did not always have adequate supporting documentation attached. We also noted a claim for \$36,342 was paid twice in July 2010. When claims are not reviewed for accuracy and adequate supporting documentation the risk of error or loss of funds increases.

We recommend the County Board implement procedures to ensure all claims have supporting documentation and that claims are not paid twice for the same invoice.

COUNTY SHERIFF

Accounting Procedures

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

At June 30, 2010, the County Sheriff's records indicated a receivable balance of \$3,565; however, a listing of the individual accounts to support the balance could not be determined. 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 more easily go undetected.

We recommend the County Sheriff implement documented monthly balancing procedures and follow up on variances in a timely manner.

COUNTY REGISTER OF DEEDS

Accounting Procedures

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

At June 30, 2010, the County Register of Deeds records indicated an excess amount in the bank account of \$811. 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 more easily go undetected.

We recommend the County Register of Deeds implement procedures to ensure assets agree to liabilities and remit the excess funds to the County Treasurer.

COUNTY TREASURER

Interest Received Twice

During our audit we noted interest earned on a certificate of deposit, in the amount of \$2,508, was receipted twice during September 2009. This resulted in the Daily Balance Sheet and County General Fund to be overstated by the \$2,508 during the period September 2009 to December 2010.

Good internal control and sound accounting practices require procedures be in place to ensure assets reflected on the Daily Balance Sheet are accurate.

We recommend the County Treasurer implement procedures to ensure the amount reflected on the Daily Balance Sheet is accurate and complete.

COUNTY ATTORNEY

Receipts Not Written

During our audit we noted the County Attorney was not issuing receipts for all money received. Receipts were not written for bad check collection fees of \$4,100 and one restitution case in the amount of \$16,275. These funds were appropriately deposited into the County Attorney bank account.

Neb. Rev. Stat. § 23-1207 (Reissue 2007) requires the County Attorney to give to the person paying or depositing money a receipt.

We recommend the County Attorney issue receipts for all money received.

It should be noted this report is critical in nature since 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 them an opportunity to review the report and to respond to the comments and recommendations included in this report. The County declined to respond.

We appreciate the cooperation and courtesy extended to our auditors during the course of the audit.

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

Sincerely,

Signed Original on File

Deann Haeffner
Assistant Deputy Auditor