

**AUDIT REPORT
OF
OTOE COUNTY**

JULY 1, 2010 THROUGH JUNE 30, 2011

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the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original
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Issued on January 19, 2012

OTOE COUNTY

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OTOE COUNTY

LIST OF COUNTY OFFICIALS

At June 30, 2011

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Carol Crook	Board of Commissioners	Jan. 2015
Richard Freshman		Jan. 2015
Ron Hauptman		Jan. 2015
Steven Lade		Jan. 2013
Timothy Nelsen		Jan. 2013
Therese Gruber	Assessor	Jan. 2015
David Partsch	Attorney	Jan. 2015
Janene Bennett	Clerk Election Commissioner	Jan. 2015
Janis Riege	Clerk of the District Court	Jan. 2015
Janet Reed	Register of Deeds	Jan. 2015
James Gress	Sheriff	Jan. 2015
Nickola Kreifels	Treasurer	Jan. 2015
Marvin Pesek	Veterans' Service Officer	Appointed



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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, 2011, which collectively comprise the basic financial statements of the County's primary government, 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, 2011, 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 14, 2012, 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 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, which the accounting principles generally accepted in the United States of America have 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.

Signed Original on File

January 14, 2012

Deann Haeffner, CPA
Assistant Deputy Auditor

OTOE COUNTY
STATEMENT OF NET ASSETS - CASH BASIS
 June 30, 2011

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 2,709,959
Investments (Note 1.D)	5,137
TOTAL ASSETS	\$ 2,715,096
 NET ASSETS	
Restricted for:	
Visitor Promotion	\$ 6,006
911 Emergency Services	159,531
Law Enforcement	80,684
Unrestricted	2,468,875
TOTAL NET ASSETS	\$ 2,715,096

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, 2011

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	\$ (4,091,295)	\$ 536,078	\$ 85,463	\$ (3,469,754)
Public Safety	(2,200,840)	89,435	401,867	(1,709,538)
Public Works	(3,282,196)	-	1,481,290	(1,800,906)
Health and Sanitation	(56,658)	-	17,779	(38,879)
Public Assistance	(141,018)	-	-	(141,018)
Culture and Recreation	(105,627)	-	-	(105,627)
Debt Payments	(225,158)	-	-	(225,158)
Total Governmental Activities	<u><u>\$ (10,102,792)</u></u>	<u><u>\$ 625,513</u></u>	<u><u>\$ 1,986,399</u></u>	<u><u>(7,490,880)</u></u>

General Receipts:	
Property Taxes	5,871,533
Grants and Contributions Not Restricted to Specific Programs	681,111
Investment Income	35,263
Licenses and Permits	68,077
Miscellaneous	260,761
Total General Receipts	<u><u>6,916,745</u></u>
Change in Net Assets	(574,135)
Net Assets - Beginning	3,289,231
Net Assets - Ending	<u><u>\$ 2,715,096</u></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, 2011

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents (Note 1.D)	\$ 1,094,842	\$ 44	\$ 930,432	\$ 684,641	\$ 2,709,959
Investments (Note 1.D)	5,137	-	-	-	5,137
TOTAL ASSETS	\$ 1,099,979	\$ 44	\$ 930,432	\$ 684,641	\$ 2,715,096
FUND BALANCES					
Restricted for:					
Visitor Promotion	\$ -	\$ -	\$ -	\$ 6,006	\$ 6,006
911 Emergency Services	-	-	-	159,531	159,531
Law Enforcement	-	-	-	80,684	80,684
Committed to:					
Law Enforcement	-	-	-	12,837	12,837
Road Maintenance	-	44	-	-	44
County Buildings	-	-	-	128,673	128,673
General Government	-	-	-	35,130	35,130
Landfill Closure	-	-	-	261,780	261,780
Assigned to:					
Other Purposes	-	-	930,432	-	930,432
Unassigned	1,099,979	-	-	-	1,099,979
TOTAL CASH BASIS FUND BALANCES	\$ 1,099,979	\$ 44	\$ 930,432	\$ 684,641	\$ 2,715,096

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, 2011

	<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	\$ 5,004,301	\$ 571	\$ 710,748	\$ 155,913	\$ 5,871,533
Licenses and Permits	67,352	725	-	-	68,077
Interest	34,353	816	-	94	35,263
Intergovernmental	826,741	1,697,180	50,000	93,589	2,667,510
Charges for Services	507,730	-	-	117,783	625,513
Miscellaneous	5,288	36,752	141,998	76,723	260,761
TOTAL RECEIPTS	<u>6,445,765</u>	<u>1,736,044</u>	<u>902,746</u>	<u>444,102</u>	<u>9,528,657</u>
DISBURSEMENTS					
General Government	2,841,116	-	1,172,006	78,173	4,091,295
Public Safety	1,969,734	-	-	231,106	2,200,840
Public Works	46,986	3,220,330	-	14,880	3,282,196
Health and Sanitation	56,658	-	-	-	56,658
Public Assistance	141,018	-	-	-	141,018
Culture and Recreation	5,307	-	-	100,320	105,627
Debt Service:					
Principal Payments	-	140,000	-	-	140,000
Interest and Fiscal Charges	-	85,158	-	-	85,158
TOTAL DISBURSEMENTS	<u>5,060,819</u>	<u>3,445,488</u>	<u>1,172,006</u>	<u>424,479</u>	<u>10,102,792</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,384,946</u>	<u>(1,709,444)</u>	<u>(269,260)</u>	<u>19,623</u>	<u>(574,135)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	1,465,343	-	-	1,465,343
Transfers out	(1,392,000)	-	(73,343)	-	(1,465,343)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,392,000)</u>	<u>1,465,343</u>	<u>(73,343)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(7,054)	(244,101)	(342,603)	19,623	(574,135)
CASH BASIS FUND BALANCES - BEGINNING	<u>1,107,033</u>	<u>244,145</u>	<u>1,273,035</u>	<u>665,018</u>	<u>3,289,231</u>
CASH BASIS FUND BALANCES - ENDING	<u>\$ 1,099,979</u>	<u>\$ 44</u>	<u>\$ 930,432</u>	<u>\$ 684,641</u>	<u>\$ 2,715,096</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, 2011

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,106,167
 LIABILITIES	
Due to other governments	
State	241,247
Schools	743,886
Educational Service Units	8,745
Technical College	12,456
Natural Resource Districts	8,864
Fire Districts	4,778
Municipalities	57,198
Agricultural Society	962
Sanitary and Improvement Districts	2,732
Hospital	1,253
Others	24,046
TOTAL LIABILITIES	1,106,167
 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, 2011

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

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

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of federal, state, local, and private funding. The County contributed \$53,199 toward the operation of the Region during fiscal year 2011. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Department of Health and Human Services requires the Region to be audited annually in accordance with State statute. Financial information for the Region is available in those audit reports.

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 (Reissue 2009, Supp. 2011).

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 2011. 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(4) (Reissue 2008). 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 were considered immaterial and have not been eliminated. Governmental Generally Accepted Accounting Principles (GAAP) requires internal activity to be eliminated to minimize double counting. The County reports governmental activities only. Governmental activities are generally financed through taxes, intergovernmental receipts, and other nonexchange transactions.

The 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 County Board is the highest level of decision-making authority and has the authority, by resolution, to establish, modify or

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

rescind the commitment or assignment of a fund balance to a specific purpose. When resources for a specific purpose are available in more than one fund balance classification, the County's policy is to use resources in the following order: restricted, committed, assigned and unassigned. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

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

Road Fund. This fund is used to account for costs associated with the repair and maintenance of roads and bridges.

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.

The County designates fund balances as:

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

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

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

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

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 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.

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Concluded)

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

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

Restricted Net 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 \$246,221 of restricted net assets, of which \$171,938 is 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. § 77-2315 (Reissue 2009).

At year end, the County's carrying amount of deposits was \$2,709,959 for County funds and \$1,106,167 for Fiduciary funds. The bank balances for all funds totaled \$3,794,807. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2011, 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 \$5,137 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

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

2. Deposits and Investments (Concluded)

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 2010, for the 2010, taxes which will be materially collected in May and September 2011, was set at \$.336985/\$100 of assessed valuation. The levy set in October 2009, for the 2009 taxes, which were materially collected in May and September 2010, was set at \$.366995/\$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 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 (Reissue 2007, Cum. Supp. 2010, Supp. 2011) 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.

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

4. Retirement System (Concluded)

County employees and elected officials contribute 4.5% of their total compensation. In addition, the County contributes an amount equal to 150% of the employee's contribution. The contribution rates are established by § 23-2307 and § 23-2308 and may be amended through legislative action. The employee's and employer's contributions are kept in separate accounts. The employee's account is fully vested. The employer's account is fully vested after three years of participation in the system or credit for participation in another governmental plan prior to actual contribution to the Plan. 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, 2011, 112 employees contributed \$153,388, and the County contributed \$230,081. Additionally, for the year ended June 30, 2011, 16 law enforcement employees and the County contributed \$7,519 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 the following: 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, 2011.

6. Interfund Transfers

Interfund transfers for the year ended June 30, 2011, consisted of the following:

	Transfers from		
Transfers to	General Fund	Inheritance Fund	Total
Road Fund	\$ 1,392,000	\$ 73,343	\$ 1,465,343

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

6. Interfund Transfers (Concluded)

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

7. 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 NACO Lease	Kenworth Dump Truck and Plow NACO Lease	Total
Balance July 1, 2010	\$ 80,553	\$ -	\$ 80,553
Purchases	-	142,535	142,535
Payments	15,300	13,700	29,000
Balance June 30, 2011	\$ 65,253	\$ 128,835	\$ 194,088
Future Payments:			
Year			
2012	\$ 17,176	\$ 30,502	\$ 47,678
2013	17,177	30,502	47,679
2014	17,176	30,502	47,678
2015	17,177	30,502	47,679
2016	-	12,709	12,709
Total Payments	68,706	134,717	203,423
Less Interest	3,453	5,882	9,335
Present Value of Future Minimum Lease Payments	\$ 65,253	\$ 128,835	\$ 194,088
Carrying Value of the related Fixed Asset	\$ 80,152	\$ 139,684	\$ 219,836

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, 2011, was \$261,780. The County anticipates the Landfill Fund to have sufficient funds to cover future expenses of the disposal site.

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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, 2011, was \$2,250,000. 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
2012	\$ 140,000	\$ 82,848	\$ 222,848
2013	145,000	80,048	225,048
2014	150,000	76,495	226,495
2015	155,000	72,220	227,220
2016	160,000	67,415	227,415
2017-2021	880,000	245,755	1,125,755
2022-2024	620,000	55,665	675,665
Total Payments	<u>\$ 2,250,000</u>	<u>\$ 680,446</u>	<u>\$ 2,930,446</u>

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 5,084,503	\$ 5,084,503	\$ 5,004,301	\$ (80,202)
Licenses and Permits	65,500	65,500	67,352	1,852
Interest	50,000	50,000	34,353	(15,647)
Intergovernmental	556,428	556,428	826,741	270,313
Charges for Services	463,100	463,100	507,730	44,630
Miscellaneous	556,900	556,900	5,288	(551,612)
TOTAL RECEIPTS	<u>6,776,431</u>	<u>6,776,431</u>	<u>6,445,765</u>	<u>(330,666)</u>
DISBURSEMENTS				
General Government:				
County Board	109,200	109,200	106,617	2,583
County Clerk	86,431	86,431	85,858	573
County Treasurer	180,741	181,385	181,385	-
Register of Deeds	113,526	113,526	110,369	3,157
County Assessor	224,016	224,016	221,249	2,767
Election Commissioner	85,383	85,383	82,263	3,120
Building and Zoning	46,878	46,878	45,068	1,810
Child Support	60,903	60,903	45,528	15,375
Clerk of the District Court	93,471	93,471	87,183	6,288
County Court System	11,920	11,920	5,762	6,158
Public Defender	124,278	124,278	123,209	1,069
Building and Grounds	160,142	160,142	149,000	11,142
Agricultural Extension Agent	92,955	92,955	92,111	844
Data Processing Department	121,460	121,460	109,397	12,063
Coroner	24,000	24,000	15,171	8,829
Miscellaneous	1,411,100	1,409,184	1,380,946	28,238
Public Safety:				
County Sheriff	928,400	928,400	868,388	60,012
County Attorney	185,457	186,729	186,729	-
Nuclear Accident-Emergency	23,400	23,400	19,687	3,713
County Jail	672,900	672,900	596,995	75,905
Emergency Management	106,466	106,466	98,702	7,764
Juvenile Diversion Program	65,040	65,040	56,273	8,767
Emergency Equipment	600,000	600,000	778	599,222
Miscellaneous	54,900	54,900	142,182	(87,282)

(Continued)

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DISBURSEMENTS (Continued)				
Public Works:				
County Surveyor	42,720	42,720	36,486	6,234
Miscellaneous	9,000	9,000	10,500	(1,500)
Public Health:				
Miscellaneous	58,199	58,199	56,658	1,541
Public Assistance:				
Veterans' Service Officer	65,175	65,175	59,822	5,353
Veterans' Aid	13,000	13,000	8,584	4,416
County Relief	40,000	40,000	12,893	27,107
Miscellaneous	14,680	14,680	14,680	-
Welfare Assistance	47,500	47,500	45,039	2,461
Culture and Recreation:				
County Museum	5,500	5,500	5,307	193
TOTAL DISBURSEMENTS	<u>5,878,741</u>	<u>5,878,741</u>	<u>5,060,819</u>	<u>817,922</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>897,690</u>	<u>897,690</u>	<u>1,384,946</u>	<u>487,256</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(1,454,723)	(1,454,723)	(1,392,000)	62,723
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,454,723)</u>	<u>(1,454,723)</u>	<u>(1,392,000)</u>	<u>62,723</u>
Net Change in Fund Balance	(557,033)	(557,033)	(7,054)	549,979
FUND BALANCE - BEGINNING	<u>1,107,033</u>	<u>1,107,033</u>	<u>1,107,033</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 550,000</u>	<u>\$ 550,000</u>	<u>\$ 1,099,979</u>	<u>\$ 549,979</u>

(Concluded)

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Taxes	\$ -	\$ -	\$ 571	\$ 571
Licenses and Permits	-	-	725	725
Interest	-	-	816	816
Intergovernmental	1,742,000	1,742,000	1,697,180	(44,820)
Miscellaneous	13,000	13,000	36,752	23,752
TOTAL RECEIPTS	<u>1,755,000</u>	<u>1,755,000</u>	<u>1,736,044</u>	<u>(18,956)</u>
DISBURSEMENTS				
	<u>3,453,868</u>	<u>3,453,868</u>	<u>3,445,488</u>	<u>8,380</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS				
	<u>(1,698,868)</u>	<u>(1,698,868)</u>	<u>(1,709,444)</u>	<u>(10,576)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,454,723	1,454,723	1,465,343	10,620
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,454,723</u>	<u>1,454,723</u>	<u>1,465,343</u>	<u>10,620</u>
Net Change in Fund Balance	(244,145)	(244,145)	(244,101)	44
FUND BALANCE - BEGINNING	<u>244,145</u>	<u>244,145</u>	<u>244,145</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44</u>	<u>\$ 44</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 502,000	\$ 502,000	\$ 710,748	\$ 208,748
Intergovernmental	-	-	50,000	50,000
Miscellaneous	241,053	241,053	141,998	(99,055)
TOTAL RECEIPTS	<u>743,053</u>	<u>743,053</u>	<u>902,746</u>	<u>159,693</u>
DISBURSEMENTS				
	<u>2,016,088</u>	<u>2,016,088</u>	<u>1,172,006</u>	<u>844,082</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS				
	<u>(1,273,035)</u>	<u>(1,273,035)</u>	<u>(269,260)</u>	<u>1,003,775</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(73,343)	(73,343)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(73,343)</u>	<u>(73,343)</u>
Net Change in Fund Balance	(1,273,035)	(1,273,035)	(342,603)	930,432
FUND BALANCE - BEGINNING	<u>1,273,035</u>	<u>1,273,035</u>	<u>1,273,035</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 930,432</u>	<u>\$ 930,432</u>

OTOE COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2011

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 actually received by the County Treasurer. The County does not utilize an encumbrance accounting system. All appropriated spending authority lapses at the end of the fiscal year.

On or before August 1, the county budget-making authority prepares and transmits a budget for each County fund to the County Board. The budget includes the requirements, the outstanding warrants, the operating reserves to be maintained, the cash on hand at the close of the preceding fiscal year, the receipts from sources other than taxation, and the amount to be raised by taxation. The County Board must hold at least one public hearing on the proposed budget. On or before September 20, the County Board adopts the budget and appropriates the amounts specified in the budget for the departments, offices, activities, and funds of the County.

The County Board is authorized to transfer budgeted amounts between departments within any fund through resolution; however, if revisions are made that alter the total disbursements of any fund, an additional public hearing be must 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, 2011

	Visitor's Promotion Fund	Diversion Program Fund	Drug Law Enforcement Fund	Federal Drug Law Enforcement Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
RECEIPTS				
Property Taxes	\$ 86,444	\$ -	\$ -	\$ -
Interest	-	-	8	-
Intergovernmental	-	-	-	-
Charges for Services	-	12,800	3,583	-
Miscellaneous	-	-	666	-
TOTAL RECEIPTS	<u>86,444</u>	<u>12,800</u>	<u>4,257</u>	<u>-</u>
DISBURSEMENTS				
General Government	-	-	-	-
Public Safety	-	20,922	1,529	-
Public Works	-	-	-	-
Culture and Recreation	100,320	-	-	-
TOTAL DISBURSEMENTS	<u>100,320</u>	<u>20,922</u>	<u>1,529</u>	<u>-</u>
Net Change in Fund Balances	(13,876)	(8,122)	2,728	-
FUND BALANCES - BEGINNING	<u>19,882</u>	<u>20,959</u>	<u>3,673</u>	<u>7,752</u>
FUND BALANCES - ENDING	<u>\$ 6,006</u>	<u>\$ 12,837</u>	<u>\$ 6,401</u>	<u>\$ 7,752</u>
FUND BALANCES:				
Restricted for:				
Visitor Promotion	\$ 6,006	\$ -	\$ -	\$ -
911 Emergency Services	-	-	-	-
Law Enforcement	-	-	6,401	7,752
Committed to:				
Law Enforcement	-	12,837	-	-
County Buildings	-	-	-	-
General Government	-	-	-	-
Landfill Closure	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 6,006</u>	<u>\$ 12,837</u>	<u>\$ 6,401</u>	<u>\$ 7,752</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, 2011

	Local Grants - Sheriff Fund	Homeland Security Grant Fund	Federal Grant Sheriff Fund	Keno Lottery Fund	911 Wireless Service Fund
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	86	-
Intergovernmental	-	53,970	-	-	39,619
Charges for Services	-	-	-	-	-
Miscellaneous	17,113	-	-	19,704	-
TOTAL RECEIPTS	<u>17,113</u>	<u>53,970</u>	<u>-</u>	<u>19,790</u>	<u>39,619</u>
DISBURSEMENTS					
General Government	-	-	-	4,153	-
Public Safety	3,730	53,970	-	-	24,985
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>3,730</u>	<u>53,970</u>	<u>-</u>	<u>4,153</u>	<u>24,985</u>
Net Change in Fund Balances	13,383	-	-	15,637	14,634
FUND BALANCES - BEGINNING	<u>6</u>	<u>48,851</u>	<u>4,291</u>	<u>19,493</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 13,389</u>	<u>\$ 48,851</u>	<u>\$ 4,291</u>	<u>\$ 35,130</u>	<u>\$ 14,634</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	\$ -	\$ -	\$ -	\$ -	\$ -
911 Emergency Services	-	-	-	-	14,634
Law Enforcement	13,389	48,851	4,291	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
County Buildings	-	-	-	-	-
General Government	-	-	-	35,130	-
Landfill Closure	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 13,389</u>	<u>\$ 48,851</u>	<u>\$ 4,291</u>	<u>\$ 35,130</u>	<u>\$ 14,634</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, 2011

	Building Maintenance Fund	Landfill Fund	911 Surcharge Fund	Total Nonmajor Governmental Funds
RECEIPTS				
Property Taxes	\$ -	\$ -	\$ 69,469	\$ 155,913
Interest	-	-	-	94
Intergovernmental	-	-	-	93,589
Charges for Services	101,400	-	-	117,783
Miscellaneous	39,240	-	-	76,723
TOTAL RECEIPTS	<u>140,640</u>	<u>-</u>	<u>69,469</u>	<u>444,102</u>
DISBURSEMENTS				
General Government	74,020	-	-	78,173
Public Safety	-	-	125,970	231,106
Public Works	-	14,880	-	14,880
Culture and Recreation	-	-	-	100,320
TOTAL DISBURSEMENTS	<u>74,020</u>	<u>14,880</u>	<u>125,970</u>	<u>424,479</u>
Net Change in Fund Balances	66,620	(14,880)	(56,501)	19,623
FUND BALANCES - BEGINNING	<u>62,053</u>	<u>276,660</u>	<u>201,398</u>	<u>665,018</u>
FUND BALANCES - ENDING	<u>\$ 128,673</u>	<u>\$ 261,780</u>	<u>\$ 144,897</u>	<u>\$ 684,641</u>
FUND BALANCES:				
Restricted for:				
Visitor Promotion	\$ -	\$ -	\$ -	\$ 6,006
911 Emergency Services	-	-	144,897	159,531
Law Enforcement	-	-	-	80,684
Committed to:				
Law Enforcement	-	-	-	12,837
County Buildings	128,673	-	-	128,673
General Government	-	-	-	35,130
Landfill Closure	-	261,780	-	261,780
TOTAL FUND BALANCES	<u>\$ 128,673</u>	<u>\$ 261,780</u>	<u>\$ 144,897</u>	<u>\$ 684,641</u>

(Concluded)

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>VISITOR'S PROMOTION FUND</u>				
RECEIPTS				
Taxes	\$ 101,618	\$ 101,618	\$ 86,444	\$ (15,174)
TOTAL RECEIPTS	<u>101,618</u>	<u>101,618</u>	<u>86,444</u>	<u>(15,174)</u>
DISBURSEMENTS	<u>121,500</u>	<u>121,500</u>	<u>100,320</u>	<u>21,180</u>
Net Change in Fund Balance	(19,882)	(19,882)	(13,876)	6,006
FUND BALANCE - BEGINNING	19,882	19,882	19,882	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,006</u>	<u>\$ 6,006</u>
<u>DIVERSION PROGRAM FUND</u>				
RECEIPTS				
Charges for Services	\$ 19,041	\$ 19,041	\$ 12,800	\$ (6,241)
TOTAL RECEIPTS	<u>19,041</u>	<u>19,041</u>	<u>12,800</u>	<u>(6,241)</u>
DISBURSEMENTS	<u>40,000</u>	<u>40,000</u>	<u>20,922</u>	<u>19,078</u>
Net Change in Fund Balance	(20,959)	(20,959)	(8,122)	12,837
FUND BALANCE - BEGINNING	20,959	20,959	20,959	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,837</u>	<u>\$ 12,837</u>
<u>DRUG LAW ENFORCEMENT FUND</u>				
RECEIPTS				
Interest	\$ -	\$ -	\$ 8	\$ 8
Charges for Services	76,327	76,327	3,583	(72,744)
Miscellaneous	-	-	666	666
TOTAL RECEIPTS	<u>76,327</u>	<u>76,327</u>	<u>4,257</u>	<u>(72,070)</u>
DISBURSEMENTS	<u>80,000</u>	<u>80,000</u>	<u>1,529</u>	<u>78,471</u>
Net Change in Fund Balance	(3,673)	(3,673)	2,728	6,401
FUND BALANCE - BEGINNING	3,673	3,673	3,673	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,401</u>	<u>\$ 6,401</u>

(Continued)

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
FEDERAL DRUG LAW ENFORCEMENT FUND				
RECEIPTS				
Charges for Services	\$ 242,248	\$ 242,248	\$ -	\$ (242,248)
TOTAL RECEIPTS	242,248	242,248	-	(242,248)
DISBURSEMENTS	250,000	250,000	-	250,000
Net Change in Fund Balance	(7,752)	(7,752)	-	7,752
FUND BALANCE - BEGINNING	7,752	7,752	7,752	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,752</u>	<u>\$ 7,752</u>
LOCAL GRANTS - SHERIFF FUND				
RECEIPTS				
Miscellaneous	\$ 284,994	\$ 284,994	\$ 17,113	\$ (267,881)
TOTAL RECEIPTS	284,994	284,994	17,113	(267,881)
DISBURSEMENTS	285,000	285,000	3,730	281,270
Net Change in Fund Balance	(6)	(6)	13,383	13,389
FUND BALANCE - BEGINNING	6	6	6	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,389</u>	<u>\$ 13,389</u>
HOMELAND SECURITY GRANT FUND				
RECEIPTS				
Intergovernmental	\$ 451,149	\$ 451,149	\$ 53,970	\$ (397,179)
TOTAL RECEIPTS	451,149	451,149	53,970	(397,179)
DISBURSEMENTS	500,000	500,000	53,970	446,030
Net Change in Fund Balance	(48,851)	(48,851)	-	48,851
FUND BALANCE - BEGINNING	48,851	48,851	48,851	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,851</u>	<u>\$ 48,851</u>

(Continued)

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
FEDERAL GRANT SHERIFF FUND				
RECEIPTS				
Intergovernmental	\$ 95,709	\$ 95,709	\$ -	\$ (95,709)
TOTAL RECEIPTS	<u>95,709</u>	<u>95,709</u>	<u>-</u>	<u>(95,709)</u>
DISBURSEMENTS	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
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>
KENO LOTTERY FUND				
RECEIPTS				
Interest	\$ -	\$ -	\$ 86	\$ 86
Miscellaneous	20,000	20,000	19,704	(296)
TOTAL RECEIPTS	<u>20,000</u>	<u>20,000</u>	<u>19,790</u>	<u>(210)</u>
DISBURSEMENTS	<u>39,493</u>	<u>39,493</u>	<u>4,153</u>	<u>35,340</u>
Net Change in Fund Balance	(19,493)	(19,493)	15,637	35,130
FUND BALANCE - BEGINNING	19,493	19,493	19,493	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,130</u>	<u>\$ 35,130</u>
911 WIRELESS SERVICE FUND				
RECEIPTS				
Intergovernmental	\$ 39,618	\$ 39,618	\$ 39,619	\$ 1
TOTAL RECEIPTS	<u>39,618</u>	<u>39,618</u>	<u>39,619</u>	<u>1</u>
DISBURSEMENTS	<u>39,618</u>	<u>39,618</u>	<u>24,985</u>	<u>14,633</u>
Net Change in Fund Balance	-	-	14,634	14,634
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,634</u>	<u>\$ 14,634</u>

(Continued)

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2011

	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	-	-	39,240	39,240
TOTAL RECEIPTS	<u>93,600</u>	<u>93,600</u>	<u>140,640</u>	<u>47,040</u>
DISBURSEMENTS	<u>155,653</u>	<u>155,653</u>	<u>74,020</u>	<u>81,633</u>
Net Change in Fund Balance	(62,053)	(62,053)	66,620	128,673
FUND BALANCE - BEGINNING	62,053	62,053	62,053	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,673</u>	<u>\$ 128,673</u>
<u>LANDFILL FUND</u>				
RECEIPTS				
	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	<u>276,660</u>	<u>276,660</u>	<u>14,880</u>	<u>261,780</u>
Net Change in Fund Balance	(276,660)	(276,660)	(14,880)	261,780
FUND BALANCE - BEGINNING	276,660	276,660	276,660	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 261,780</u>	<u>\$ 261,780</u>
<u>911 SURCHARGE FUND</u>				
RECEIPTS				
Taxes	\$ 72,000	\$ 72,000	\$ 69,469	\$ (2,531)
TOTAL RECEIPTS	<u>72,000</u>	<u>72,000</u>	<u>69,469</u>	<u>(2,531)</u>
DISBURSEMENTS	<u>273,398</u>	<u>273,398</u>	<u>125,970</u>	<u>147,428</u>
Net Change in Fund Balance	(201,398)	(201,398)	(56,501)	144,897
FUND BALANCE - BEGINNING	201,398	201,398	201,398	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,897</u>	<u>\$ 144,897</u>

(Concluded)

OTOE COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2011

	County Clerk	Register of Deeds	Clerk of the District Court	County Sheriff	County Attorney	Child Support Enforcement	County Keno	Total
BALANCE JULY 1, 2010	\$ 398	\$ 20,059	\$ 62,202	\$ 8,607	\$ 6,806	\$ 248	\$ 8,854	\$ 107,174
RECEIPTS								
Licenses and Permits	1,410	-	-	1,205	-	-	-	2,615
Charges for Services	2,580	86,489	21,193	53,117	2,520	-	-	165,899
Miscellaneous	-	-	-	-	8	-	15,534	15,542
State Fees	84	89,846	21,301	-	-	-	3,771	115,002
Other Liabilities	500	-	244,946	28,269	34,695	1,366	176,492	486,268
TOTAL RECEIPTS	4,574	176,335	287,440	82,591	37,223	1,366	195,797	785,326
DISBURSEMENTS								
Payments to County Treasurer	4,106	89,640	20,878	59,118	6,403	-	15,850	195,995
Payments to State Treasurer	77	95,794	20,911	-	-	-	3,859	120,641
Other Liabilities	-	-	237,691	25,605	30,236	1,409	180,202	475,143
TOTAL DISBURSEMENTS	4,183	185,434	279,480	84,723	36,639	1,409	199,911	791,779
BALANCE JUNE 30, 2011	<u>\$ 789</u>	<u>\$ 10,960</u>	<u>\$ 70,162</u>	<u>\$ 6,475</u>	<u>\$ 7,390</u>	<u>\$ 205</u>	<u>\$ 4,740</u>	<u>\$ 100,721</u>
BALANCE CONSISTS OF:								
Due to County Treasurer	\$ 282	\$ 4,979	\$ 2,078	\$ 2,692	\$ 190	\$ -	\$ 973	\$ 11,194
Petty Cash	500	20	100	1,000	500	205	-	2,325
Due to State Treasurer	7	5,961	2,039	-	-	-	199	8,206
Due to Others	-	-	65,945	2,783	6,700	-	3,568	78,996
BALANCE JUNE 30, 2011	<u>\$ 789</u>	<u>\$ 10,960</u>	<u>\$ 70,162</u>	<u>\$ 6,475</u>	<u>\$ 7,390</u>	<u>\$ 205</u>	<u>\$ 4,740</u>	<u>\$ 100,721</u>

OTOE COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED FOR
ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2011

Item	2006	2007	2008	2009	2010
Tax Certified by Assessor					
Real Estate	\$ 19,477,089	\$ 20,196,224	\$ 21,416,952	\$ 22,076,571	\$ 22,956,444
Personal and Specials	1,246,657	1,712,848	1,927,612	1,898,067	2,092,967
Total	20,723,746	21,909,072	23,344,564	23,974,638	25,049,411
Corrections					
Additions	16,794	9,594	7,574	14,791	6,154
Deductions	(66,200)	(47,420)	(67,239)	(14,582)	(8,178)
Net Additions/ (Deductions)	(49,406)	(37,826)	(59,665)	209	(2,024)
Corrected Certified Tax	20,674,340	21,871,246	23,284,899	23,974,847	25,047,387
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2007	11,855,310	-	-	-	-
June 30, 2008	8,798,949	12,825,859	-	-	-
June 30, 2009	9,129	9,032,999	13,776,710	-	-
June 30, 2010	3,724	397	9,472,525	14,181,136	-
June 30, 2011	948	4,025	9,781	9,756,431	15,109,973
Total Net Collections	20,668,060	21,863,280	23,259,016	23,937,567	15,109,973
Total Uncollected Tax	\$ 6,280	\$ 7,966	\$ 25,883	\$ 37,280	\$ 9,937,414
Percentage Uncollected Tax	0.03%	0.04%	0.11%	0.16%	39.67%

OTOE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF HOMELAND SECURITY		
Homeland Security Grant Program	97.067	\$ 53,970
Passed through Nebraska Military Department		
Disaster Grants - Public Assistance	97.036	660,318 *
Emergency Management Performance Grants	97.042	<u>38,319</u>
Total U.S. Department of Homeland Security		<u>752,607</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Passed through Nebraska Department of Health and Human Services		
Child Support Enforcement	93.563	97,229
Medical Assistance Program	93.778	<u>17,779</u>
Total U.S. Department of Health and Human Services		<u>115,008</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u><u>\$ 867,615</u></u>

* Represents Major Programs

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

OTOE 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 Otoe 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, 2011.

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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OTOE COUNTY
**INDEPENDENT AUDITORS' 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, 2011, and have issued our report thereon dated January 14, 2012. 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, detect, or 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, detected or 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 14, 2012.

Otoe County's response to the findings identified in our audit are described above. We did not audit Otoe County's response and, accordingly, we express no opinion on it.

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 14, 2012

Deann Haeffner, CPA
Assistant Deputy Auditor



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OTOE COUNTY
**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Commissioners
Otoe County, Nebraska

Compliance

We have audited Otoe County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Otoe County's major federal programs for the year ended June 30, 2011. Otoe 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 Otoe County's management. Our responsibility is to express an opinion on Otoe 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 Otoe 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 Otoe County's compliance with those requirements.

In our opinion, Otoe County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of Otoe 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 Otoe County's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Otoe County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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, citizens of the State of Nebraska, the State Legislature, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Signed Original on File

January 14, 2012

Deann Haeffner, CPA
Assistant Deputy Auditor

OTOE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011

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? 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? 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: **Disaster Grants – Public Assistance, CFDA 97.036**

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.

OTOE 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.

**MANAGEMENT LETTER
OF
OTOE COUNTY**

JULY 1, 2010 THROUGH JUNE 30, 2011

**This document is an official public record of the State of Nebraska, issued by
the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original
document and may be prohibited by law.**

Issued on January 19, 2012



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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January 14, 2012

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, 2011, and have issued our report thereon dated January 14, 2012. 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

Payroll Claims

Internal Revenue Service (IRS) Publication 15 (Circular E), 2011 Employer's Tax Guide, outlines an employer's responsibility to withhold Federal income tax based on each employee's W-4 form.

During testing of payroll claims, we noted:

- One individual who was paid from multiple budget functions did not have the correct amount of withholding taxes withheld per the information provided on the employee's W-4. Federal withholding taxes were under-withheld \$36 and State withholding taxes were under-withheld \$15.
- One individual who was switched from a semi-monthly payroll to a monthly payroll had withholding taxes calculated using the semi-monthly tables. This resulted in excess monthly Federal withholding taxes of \$203 and excess State withholding taxes of \$34. There were 45 employees who were paid monthly but had withholdings calculated using the semi-monthly tables.

We recommend the County Board implement procedures to ensure Federal income taxes are withheld according to IRS Publication 15 (Circular E) and information provided by employees on their W-4 forms.

Claims Testing

During our testing of claims we noted the following:

- Two claims were made in excess of contracted amounts, overpayments totaled \$3,673.
- Two claims were made from credit card statements where no original receipts were available to support the purchases. Total unsupported purchases totaled \$552.

Good internal controls require adequate procedures be in place to ensure all claims paid are in accordance with applicable contracts, and are supported by adequate documentation. When these controls are not in place, there is an increased risk of improper payments.

We recommend the County Board review all claims paid to ensure they are in accordance with applicable contracts and are supported by adequate documentation.

Authorized Petty Cash Amounts

Neb. Rev. Stat. § 23-106 (Reissue 2007) states, in part, “The county board shall have the authority to establish a petty cash fund for such county ... board shall set, by resolution of the board, the amount of money to be carried in such petty cash fund and the dollar limit of an expenditure from such fund and such amount shall be stated in the fiscal policy of the county board budget message.”

During our audit, we noted the County Register of Deeds change fund of \$20 was not authorized by the County Board as a petty cash fund. Furthermore, neither this amount, nor the petty cash fund of \$500 maintained by the County Clerk, was included on the County budget message.

When petty cash accounts are established without the authorization of the County Board, there is an increased risk of loss or misuse of funds. Additionally, when the budget message does not reflect the correct authorized petty cash amounts, the public is not notified of the approved petty cash amounts available to County officials.

We recommend petty cash funds only be maintained if established by the County Board and all petty cash funds established be stated in the budget message.

COUNTY SHERIFF

Accounting Procedures

At June 30, 2011, the County Sheriff’s records indicated a receivable balance of \$2,837; however, a listing of the individual accounts to support the balance could not be determined.

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.

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.

Petty Cash Claims

During our audit we noted a petty cash claim submitted by the County Sheriff’s office did not have adequate supporting documentation attached. The claim included five credit card receipts totaling \$84, but detailed itemized receipts to support the expenditures were not attached.

Additionally, we noted the County Sheriff only submitted one claim for reimbursement during the fiscal year for expenses incurred from June 2010 through April 2011.

Good internal control requires adequate supporting documentation be maintained to support expenditures approved by the County Board and procedures be in place to ensure petty cash claim reimbursements are replenished in a timely manner.

We recommend the County Sheriff include itemized receipts for all reimbursements requested and that claims to replenish the petty cash fund are submitted in a timely manner.

* * * * *

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. All formal responses received have been incorporated into this report. Where no response has been included, the County declined to respond. Responses have been objectively evaluated and recognized, as appropriate, in the report. Responses that indicate corrective action has been taken were not verified at this time, but will be verified in the next audit.

This report is intended solely for the information and use of the County, the appropriate Federal and regulatory agencies, and citizens of the State of Nebraska, and 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