

**AUDIT REPORT
OF
OTOE COUNTY**

JULY 1, 2014 THROUGH JUNE 30, 2015

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Issued on October 30, 2015

OTOE COUNTY

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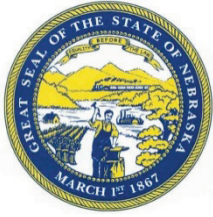
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OTOE COUNTY

LIST OF COUNTY OFFICIALS

At June 30, 2015

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Timothy Nelsen	Board of Commissioners	Jan. 2017
Richard Freshman		Jan. 2019
Ron Hauptman		Jan. 2019
Jared Sornson		Jan. 2019
Steven Lade		Jan. 2017
Therese Gruber	Assessor	Jan. 2019
David Partsch	Attorney	Jan. 2019
Janene Bennett	Clerk Election Commissioner	Jan. 2019
Janet Reed	Register of Deeds	Jan. 2019
Janis Riege	Clerk of the District Court	Jan. 2019
James Gress	Sheriff	Jan. 2019
Nicki Kreifels	Treasurer	Jan. 2019
Bill Hessler	Veterans' Service Officer	Appointed
Gregg Goebel	Emergency Manager	Appointed



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OTOE COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Otoe County, Nebraska

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Otoe County, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and aggregate remaining fund information of Otoe County as of June 30, 2015, and the respective changes in cash-basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Emphasis of Matters - Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Report on Supplementary Information

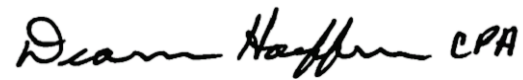
Our audit was conducted for the purpose of forming opinions on the financial statements as a whole, which collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, pages 20-30, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2015, 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 considering Otoe County's internal control over financial reporting and compliance.

October 27, 2015

A handwritten signature in black ink that reads "Deann Haeffner CPA". The signature is fluid and cursive, with the letters "CPA" written in a slightly more formal, blocky style at the end.

Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

OTOE COUNTY
STATEMENT OF NET POSITION - CASH BASIS
June 30, 2015

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 7,510,620
Investments (Note 1.D)	<u>5,138</u>
TOTAL ASSETS	<u><u>\$ 7,515,758</u></u>
 NET POSITION	
Restricted for:	
Visitor Promotion	\$ 14,318
911 Emergency Services	333,625
Drug Education	2,047
Law Enforcement	16,115
Preservation of Records	4,540
Bridge/Road Projects	605,010
Unrestricted	<u>6,540,103</u>
TOTAL NET POSITION	<u><u>\$ 7,515,758</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, 2015

Functions:	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ (3,455,107)	\$ 557,604	\$ 116,431	\$ (2,781,072)
Public Safety	(2,298,322)	52,641	105,988	(2,139,693)
Public Works	(4,195,977)	1,884	2,976,139	(1,217,954)
Health and Sanitation	(58,430)	-	-	(58,430)
Public Assistance	(111,528)	-	-	(111,528)
Culture and Recreation	(84,502)	-	-	(84,502)
Debt Payments	(2,225,568)	-	-	(2,225,568)
Total Governmental Activities	<u>\$ (12,429,434)</u>	<u>\$ 612,129</u>	<u>\$ 3,198,558</u>	<u>(8,618,747)</u>
General Receipts:				
Property Taxes				7,911,045
Grants and Contributions Not Restricted to				
Specific Programs				679,186
Investment Income				17,414
Licenses and Permits				62,684
Bond Proceeds				1,819,815
Miscellaneous				113,430
Total General Receipts				<u>10,603,574</u>
Increase in Net Position				1,984,827
Net Position - Beginning of year				5,530,931
Net Position - End of year				<u>\$ 7,515,758</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, 2015

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents (Note 1.D)	\$ 1,647,894	\$ 777,007	\$3,598,031	\$ 1,487,688	\$ 7,510,620
Investments (Note 1.D)	-	-	5,138	-	5,138
TOTAL ASSETS	<u>\$ 1,647,894</u>	<u>\$ 777,007</u>	<u>\$3,603,169</u>	<u>\$ 1,487,688</u>	<u>\$ 7,515,758</u>
FUND BALANCES					
Restricted for:					
Visitor Promotion	-	-	-	14,318	14,318
911 Emergency Services	-	-	-	333,625	333,625
Drug Education	-	-	-	2,047	2,047
Law Enforcement	-	-	-	16,115	16,115
Preservation of Records	-	-	-	4,540	4,540
Bridge/Road Projects	-	-	-	605,010	605,010
Committed to:					
Law Enforcement	-	-	-	2,748	2,748
Road Maintenance	-	777,007	-	-	777,007
County Buildings	-	-	-	255,045	255,045
Special Projects	-	-	-	82,317	82,317
Landfill Closures	-	-	-	171,923	171,923
Assigned to:					
Other Purposes	-	-	3,603,169	-	3,603,169
Unassigned	1,647,894	-	-	-	1,647,894
TOTAL CASH BASIS FUND BALANCES	<u>\$ 1,647,894</u>	<u>\$ 777,007</u>	<u>\$3,603,169</u>	<u>\$ 1,487,688</u>	<u>\$ 7,515,758</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, 2015

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Property Taxes	\$6,475,403	\$ -	\$ 1,225,841	\$ 209,801	\$ 7,911,045
Licenses and Permits	60,684	2,000	-	-	62,684
Interest	16,779	-	505	130	17,414
Intergovernmental	893,152	2,592,863	-	391,729	3,877,744
Charges for Services	599,438	1,884	-	10,807	612,129
Miscellaneous	8,150	1,859,665	16,697	48,733	1,933,245
TOTAL RECEIPTS	8,053,606	4,456,412	1,243,043	661,200	14,414,261
DISBURSEMENTS					
General Government	3,073,434	-	263,690	117,983	3,455,107
Public Safety	2,185,411	-	-	112,911	2,298,322
Public Works	43,168	4,128,130	-	24,679	4,195,977
Health and Sanitation	58,430	-	-	-	58,430
Public Assistance	111,528	-	-	-	111,528
Culture and Recreation	4,604	-	-	79,898	84,502
Debt Service:					
Principal Payments	-	2,124,815	-	-	2,124,815
Interest and Fiscal Charges	-	100,753	-	-	100,753
TOTAL DISBURSEMENTS	5,476,575	6,353,698	263,690	335,471	12,429,434
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	2,577,031	(1,897,286)	979,353	325,729	1,984,827
OTHER FINANCING SOURCES (USES)					
Transfers in	-	2,600,000	-	57,802	2,657,802
Transfers out	(2,600,000)	-	-	(57,802)	(2,657,802)
TOTAL OTHER FINANCING SOURCES (USES)	(2,600,000)	2,600,000	-	-	-
Net Change in Fund Balances	(22,969)	702,714	979,353	325,729	1,984,827
CASH BASIS FUND BALANCES - BEGINNING	1,670,863	74,293	2,623,816	1,161,959	5,530,931
CASH BASIS FUND BALANCES - ENDING	\$1,647,894	\$ 777,007	\$ 3,603,169	\$ 1,487,688	\$ 7,515,758

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, 2015

	<u>Agency Funds</u>
ASSETS	
Cash and Cash Equivalents	<u>\$ 2,250,113</u>
LIABILITIES	
Due to other governments	
State	279,360
Schools	811,315
Educational Service Units	3,750
Technical College	14,939
Natural Resource Districts	9,706
Fire Districts	3,835
Municipalities	59,577
Agricultural Society	1,887
Tentative Inheritance Taxes	977,985
Sanitary and Improvement Districts	32,687
Hospital	1,047
Others	54,025
TOTAL LIABILITIES	<u>2,250,113</u>
TOTAL NET ASSETS	<u><u>\$ -</u></u>

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, 2015

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

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 \$56,659 toward the operation of the Region during fiscal year 2015. 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. The agreement was established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636 (Reissue 2009, Cum. Supp. 2014).

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 contributed \$99 toward the operation of the Department during fiscal year 2015. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Reissue 2014). Financial information for the Department is available in that report.

B. Basis of Presentation

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

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

The County reports the following additional non-major governmental fund types:

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

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

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 it has been separated based on the type of revenue.

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

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

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

D. Assets and Net Position

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

Investments. The types of investments in which the County is authorized to invest funds are enumerated in Neb. Rev. Stat. §§ 77-2315, 77-2340, and 77-2341 (Reissue 2009) and generally include U.S. Government obligations, certificates of deposit, and time deposits and securities, which are authorized by the Nebraska Investment Council.

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

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

1. Summary of Significant Accounting Policies (Continued)

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

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

Restricted Net Position. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$975,655 of restricted net position, of which \$959,540 is restricted by enabling legislation.

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

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

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

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

1. Summary of Significant Accounting Policies (Concluded)

budgetary control for the General Fund is at the function level, and the special revenue fund types are at the fund level. The County Board is also authorized to budget for the transfer of money between County funds.

2. Deposits and Investments

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

At year end, the County's carrying amount of deposits was \$7,510,620 for County funds and \$2,250,113 for Fiduciary funds. The bank balances for all funds totaled \$9,958,182. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2015, 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 is stated at cost, which approximates market. Investments consisted of \$5,138 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 that 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 participants 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 they become delinquent in two equal installments on May 1 and September 1. Motor vehicle taxes are due when application is made for registration of a motor vehicle.

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

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. Property Taxes (Concluded)

The levy set in October 2014, for the 2014 taxes, which will be materially collected in May and September 2015, was set at \$.308183/\$100 of assessed valuation. The levy set in October 2013, for the 2013 taxes, which were materially collected in May and September 2014, was set at \$.322744/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

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

4. Retirement System

The Retirement System for Nebraska Counties (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 23-2334 (Reissue 2012, Cum. Supp. 2014) and may be amended through legislative action.

Participation in the Plan is required of all full-time employees. Part-time (working less than one-half of the regularly scheduled hours) employees may elect voluntary participation upon reaching age 18. Part-time elected officials may exercise the option to join.

County employees and elected officials contribute 4.5% of their total compensation. In addition, the County contributes an amount equal to 150% of the employee's contribution. The contribution rates are established by § 23-2307 and § 23-2308 and may be amended through legislative action. The employee's and employer's contributions are kept in separate accounts. The employee's account is fully vested. The employer's account is fully vested after three years of participation in the system or credit for participation in another governmental plan prior to actual contribution to the Plan. Non-vested County contributions are forfeited upon termination. Forfeitures are used to cover a portion of the pension plan's administrative expenses. Prior service benefits are paid directly by the County to the retired employee.

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.

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

For the year ended June 30, 2015, 107 employees contributed \$182,207, and the County contributed \$269,032. Contributions included \$8,556 in cash contributions towards the supplemental law enforcement plan for 18 law enforcement employees. Lastly, the County paid \$1,828 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 that exceeded the coverage amount for the year ended June 30, 2015.

6. **Interfund Transfers**

Interfund transfers for the year ended June 30, 2015, consisted of the following:

	Transfers from		
Transfers to	General Fund	Nonmajor Funds	Total
Road Fund	\$ 2,600,000	\$ -	\$ 2,600,000
Nonmajor Funds	-	57,802	57,802
Total	<u>\$ 2,600,000</u>	<u>\$ 57,802</u>	<u>\$ 2,657,802</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.

(Continued on Next Page)

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

7. Capital Leases Payable

Changes to the commitments under a 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	Caterpillar Motor Grader – NACO Lease	Caterpillar Motor Grader – NACO Lease	Caterpillar Bulldozer – NACO Lease	Total
Balance July 1, 2014	\$ 16,941	\$ 42,570	\$ 58,170	\$ -	\$ -	\$ 117,681
Purchases	-	-	-	328,316	203,062	531,378
Payments	16,941	29,924	25,652	-	-	72,517
Balance June 30, 2015	<u>\$ -</u>	<u>\$ 12,646</u>	<u>\$ 32,518</u>	<u>\$ 328,316</u>	<u>\$ 203,062</u>	<u>\$ 576,542</u>

Future Payments:

Year						
2016	\$ -	\$ 12,709	\$ 26,232	\$ 68,379	\$ 42,293	\$ 149,613
2017	-	-	6,558	68,379	42,293	117,230
2018	-	-	-	68,380	42,292	110,672
2019	-	-	-	68,380	42,292	110,672
2020	-	-	-	68,380	42,292	110,672
Total Payments	-	12,709	32,790	341,898	211,462	598,859
Less Interest	-	63	272	13,582	8,400	22,317
Present Value of Future Minimum Lease Payments	<u>\$ -</u>	<u>\$ 12,646</u>	<u>\$ 32,518</u>	<u>\$ 328,316</u>	<u>\$ 203,062</u>	<u>\$ 576,542</u>
Carrying Value of the Related Fixed Asset	<u>\$ 80,152</u>	<u>\$ 139,684</u>	<u>\$ 124,599</u>	<u>\$ 321,750</u>	<u>\$ 199,000</u>	<u>\$ 865,185</u>

8. Landfill Postclosure Care Costs

The County owns a solid waste disposal area that 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, 2015, totaled \$171,923. The County anticipates the Landfill Fund to have sufficient funds to cover future expenses of the disposal site.

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

9. 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. During the fiscal year, these bonds were refinanced in the amount of \$1,885,000. The bond payable balance, as of June 30, 2015, was \$1,690,000. 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. Future tax resources will be used to pay off the bonds.

Future Payments:

Year	Principal	Interest	Total
2016	\$ 175,000	\$ 31,188	\$ 206,188
2017	180,000	30,225	210,225
2018	180,000	28,875	208,875
2019	180,000	26,895	206,895
2020	180,000	24,285	204,285
2021-2025	795,000	55,550	850,550
Total Payments	<u>\$ 1,690,000</u>	<u>\$ 197,018</u>	<u>\$ 1,887,018</u>

The County issued highway bonds in October 2011 in the amount of \$2,550,000 for the purpose of paying the costs associated with road projects in the County. The bond payable balance, as of June 30, 2015, was \$2,160,000. 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
2016	\$ 135,000	\$ 67,133	\$ 202,133
2017	135,000	64,703	199,703
2018	140,000	61,867	201,867
2019	145,000	58,542	203,542
2020	150,000	54,700	204,700
2021-2025	1,040,000	201,350	1,241,350
2026	415,000	15,148	430,148
Total Payments	<u>\$ 2,160,000</u>	<u>\$ 523,443</u>	<u>\$ 2,683,443</u>

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 6,619,108	\$ 6,619,108	\$ 6,475,403	\$ (143,705)
Licenses and Permits	64,000	64,000	60,684	(3,316)
Interest	15,000	15,000	16,779	1,779
Intergovernmental	599,800	599,800	893,152	293,352
Charges for Services	526,200	526,200	599,438	73,238
Miscellaneous	120,000	120,000	8,150	(111,850)
TOTAL RECEIPTS	7,944,108	7,944,108	8,053,606	109,498
DISBURSEMENTS				
General Government:				
County Board	113,900	113,900	113,200	700
County Clerk	118,440	118,440	115,260	3,180
County Treasurer	203,672	203,672	200,893	2,779
Register of Deeds	119,704	119,704	112,984	6,720
County Assessor	238,095	238,095	220,664	17,431
Election Commissioner	72,852	72,852	46,732	26,120
Planning Commission	54,902	54,902	45,576	9,326
Data Processing	180,190	180,190	169,635	10,555
Clerk of the District Court	104,283	104,283	97,416	6,867
County Court System	13,740	13,740	13,740	-
Public Defender	144,834	144,834	142,576	2,258
Coroner	21,950	21,950	5,410	16,540
Child Support	99,477	99,477	50,071	49,406
Building and Grounds	170,020	170,020	164,226	5,794
Agricultural Extension Agent	97,270	97,270	97,096	174
Miscellaneous	1,610,200	1,610,200	1,477,955	132,245
Public Safety				
County Sheriff	1,033,014	1,033,014	1,023,983	9,031
County Attorney	210,335	210,335	200,900	9,435
Juvenile Diversion	92,423	92,423	79,843	12,580
County Jail	697,700	697,700	690,292	7,408
Nuclear Accident-Emergency	43,718	43,718	38,812	4,906
Civil Defense	113,878	113,878	98,290	15,588
Emergency Equipment	220,000	220,000	-	220,000
Miscellaneous	141,159	141,159	53,291	87,868
Public Works				
County Surveyor	50,972	50,972	43,168	7,804

(Continued)

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DISBURSEMENTS (Continued)				
Public Health				
Miscellaneous	2,000	2,000	58,430	(56,430)
Public Assistance				
County Relief	22,200	22,200	4,883	17,317
Veterans' Aid	7,625	7,625	2,495	5,130
Veterans' Service Officer	44,340	44,340	41,095	3,245
Welfare Ass't Administration	47,600	47,600	45,045	2,555
Miscellaneous	19,680	19,680	18,010	1,670
Culture and Recreation				
County Museum	5,225	5,225	4,604	621
TOTAL DISBURSEMENTS	<u>6,115,398</u>	<u>6,115,398</u>	<u>5,476,575</u>	<u>638,823</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,828,710</u>	<u>1,828,710</u>	<u>2,577,031</u>	<u>748,321</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(2,799,573)	(2,799,573)	(2,600,000)	199,573
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,799,573)</u>	<u>(2,799,573)</u>	<u>(2,600,000)</u>	<u>199,573</u>
Net Change in Fund Balance	(970,863)	(970,863)	(22,969)	947,894
FUND BALANCE - BEGINNING	<u>1,670,863</u>	<u>1,670,863</u>	<u>1,670,863</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 700,000</u>	<u>\$ 700,000</u>	<u>\$ 1,647,894</u>	<u>\$ 947,894</u>

(Concluded)

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Licenses and Permits	500	500	2,000	1,500
Intergovernmental	2,072,000	2,072,000	2,592,863	520,863
Charges for Services	-	-	1,884	1,884
Miscellaneous	1,848,015	1,848,015	1,859,665	11,650
TOTAL RECEIPTS	3,920,515	3,920,515	4,456,412	535,897
DISBURSEMENTS	6,794,381	6,794,381	6,353,698	440,683
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(2,873,866)	(2,873,866)	(1,897,286)	976,580
OTHER FINANCING SOURCES (USES)				
Transfers in	2,799,573	2,799,573	2,600,000	(199,573)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	2,799,573	2,799,573	2,600,000	(199,573)
Net Change in Fund Balance	(74,293)	(74,293)	702,714	777,007
FUND BALANCE - BEGINNING	74,293	74,293	74,293	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 777,007	\$ 777,007
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 500,000	\$ 500,000	\$ 1,225,841	\$ 725,841
Interest	-	-	505	505
Miscellaneous	-	-	16,697	16,697
TOTAL RECEIPTS	500,000	500,000	1,243,043	743,043
DISBURSEMENTS	3,123,816	3,123,816	263,690	2,860,126
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(2,623,816)	(2,623,816)	979,353	3,603,169
Net Change in Fund Balance	(2,623,816)	(2,623,816)	979,353	3,603,169
FUND BALANCE - BEGINNING	2,623,816	2,623,816	2,623,816	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 3,603,169	\$ 3,603,169

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
HIGHWAY BRIDGE BUYBACK PROGRAM				
FUND				
Receipts	\$ 383,779	\$ 383,779	\$ 383,779	\$ -
Disbursements	(605,010)	(605,010)	-	605,010
Net Change in Fund Balance	(221,231)	(221,231)	383,779	605,010
Fund Balance - Beginning	221,231	221,231	221,231	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 605,010</u>	<u>\$ 605,010</u>
VISITOR PROMOTION FUND				
Receipts	\$ 97,029	\$ 97,029	\$ 89,245	\$ (7,784)
Disbursements	(102,000)	(102,000)	(79,898)	22,102
Net Change in Fund Balance	(4,971)	(4,971)	9,347	14,318
Fund Balance - Beginning	4,971	4,971	4,971	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,318</u>	<u>\$ 14,318</u>
PRESERVATION & MODERNIZATION				
FUND				
Receipts	\$ 12,000	\$ 12,000	\$ 10,727	\$ (1,273)
Disbursements	(28,713)	(28,713)	(22,900)	5,813
Net Change in Fund Balance	(16,713)	(16,713)	(12,173)	4,540
Fund Balance - Beginning	16,713	16,713	16,713	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,540</u>	<u>\$ 4,540</u>
DIVERSION PROGRAMS FUND				
Receipts	\$ 8,620	\$ 8,620	\$ 8,030	\$ (590)
Disbursements	(9,846)	(9,846)	(8,578)	1,268
Net Change in Fund Balance	(1,226)	(1,226)	(548)	678
Fund Balance - Beginning	1,226	1,226	1,226	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 678</u>	<u>\$ 678</u>
COUNTY DRUG LAW ENFORCEMENT				
FUND				
Receipts	\$ 47,357	\$ 47,357	\$ 2,402	\$ (44,955)
Disbursements	(50,000)	(50,000)	(2,998)	47,002
Net Change in Fund Balance	(2,643)	(2,643)	(596)	2,047
Fund Balance - Beginning	2,643	2,643	2,643	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,047</u>	<u>\$ 2,047</u>

(Continued)

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
FEDERAL DRUG LAW ENFORCEMENT FUND				
Receipts	\$ 188,266	\$ 188,266	\$ -	\$ (188,266)
Disbursements	(200,000)	(200,000)	-	200,000
Net Change in Fund Balance	(11,734)	(11,734)	-	11,734
Fund Balance - Beginning	11,734	11,734	11,734	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,734</u>	<u>\$ 11,734</u>
LOCAL GRANTS - SHERIFF FUND				
Receipts	\$ 146,804	\$ 146,804	\$ 6,100	\$ (140,704)
Disbursements	(150,000)	(150,000)	(7,226)	142,774
Net Change in Fund Balance	(3,196)	(3,196)	(1,126)	2,070
Fund Balance - Beginning	3,196	3,196	3,196	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,070</u>	<u>\$ 2,070</u>
HOMELAND SECURITY GRANT FUND				
Receipts	\$ 392,091	\$ 392,091	\$ -	\$ (392,091)
Disbursements	(400,000)	(400,000)	(7,819)	392,181
Net Change in Fund Balance	(7,909)	(7,909)	(7,819)	90
Fund Balance - Beginning	7,909	7,909	7,909	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90</u>	<u>\$ 90</u>
FEDERAL GRANT SHERIFF FUND				
Receipts	\$ 95,709	\$ 95,709	\$ -	\$ (95,709)
Disbursements	(100,000)	(100,000)	-	100,000
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	\$ 12,000	\$ 12,000	\$ 17,440	\$ 5,440
Disbursements	(79,486)	(79,486)	(2,609)	76,877
Net Change in Fund Balance	(67,486)	(67,486)	14,831	82,317
Fund Balance - Beginning	67,486	67,486	67,486	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,317</u>	<u>\$ 82,317</u>

(Continued)

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
911 WIRELESS SERVICE FUND				
Receipts	\$ 63,000	\$ 63,000	\$ 57,802	\$ (5,198)
Disbursements	(35,850)	(35,850)	-	35,850
Transfers in	-	-	-	-
Transfers out	(62,000)	(62,000)	(57,802)	4,198
Net Change in Fund Balance	(34,850)	(34,850)	-	34,850
Fund Balance - Beginning	34,850	34,850	34,850	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,850</u>	<u>\$ 34,850</u>
911 WIRELESS SERVICE HOLDING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(140,542)	(140,542)	-	140,542
Transfers in	47,000	47,000	57,802	10,802
Transfers out	-	-	-	-
Net Change in Fund Balance	(93,542)	(93,542)	57,802	151,344
Fund Balance - Beginning	93,542	93,542	93,542	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 151,344</u>	<u>\$ 151,344</u>
COUNTY BUILDINGS MAINTENANCE FUND				
Receipts	\$ -	\$ -	\$ 22,921	\$ 22,921
Disbursements	(324,598)	(324,598)	(92,474)	232,124
Net Change in Fund Balance	(324,598)	(324,598)	(69,553)	255,045
Fund Balance - Beginning	324,598	324,598	324,598	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 255,045</u>	<u>\$ 255,045</u>
COUNTY LANDFILL FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(196,602)	(196,602)	(24,679)	171,923
Net Change in Fund Balance	(196,602)	(196,602)	(24,679)	171,923
Fund Balance - Beginning	196,602	196,602	196,602	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 171,923</u>	<u>\$ 171,923</u>
911 SURCHARGE FUND				
Receipts	\$ 62,000	\$ 62,000	\$ 62,754	\$ 754
Disbursements	(232,967)	(232,967)	(86,290)	146,677
Net Change in Fund Balance	(170,967)	(170,967)	(23,536)	147,431
Fund Balance - Beginning	170,967	170,967	170,967	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 147,431</u>	<u>\$ 147,431</u>

(Concluded)

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

For the Year Ended June 30, 2015

	Highway Bridge Buyback Program Fund	Visitor Promotion Fund	Preservation & Modernization Fund	Diversion Programs Fund	County Drug Law Enforcement Fund
RECEIPTS					
Property Taxes	\$ -	\$ 89,245	\$ -	\$ -	\$ -
Interest	-	-	-	-	3
Intergovernmental	383,779	-	-	7,950	-
Charges for Services	-	-	10,727	80	-
Miscellaneous	-	-	-	-	2,399
TOTAL RECEIPTS	383,779	89,245	10,727	8,030	2,402
DISBURSEMENTS					
General Government	-	-	22,900	-	-
Public Safety	-	-	-	8,578	2,998
Public Works	-	-	-	-	-
Culture and Recreation	-	79,898	-	-	-
TOTAL DISBURSEMENTS	-	79,898	22,900	8,578	2,998
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	383,779	9,347	(12,173)	(548)	(596)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
Net Change in Fund Balances	383,779	9,347	(12,173)	(548)	(596)
FUND BALANCES - BEGINNING	221,231	4,971	16,713	1,226	2,643
FUND BALANCES - ENDING	\$ 605,010	\$ 14,318	\$ 4,540	\$ 678	\$ 2,047
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	14,318	-	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	2,047
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	4,540	-	-
Bridge/Road Projects	605,010	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	678	-
County Buildings	-	-	-	-	-
Special Projects	-	-	-	-	-
Landfill Closures	-	-	-	-	-
TOTAL FUND BALANCES	\$ 605,010	\$ 14,318	\$ 4,540	\$ 678	\$ 2,047

(Continued)

OTOE COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	Federal Drug Law Enforcement Fund	Local Grants - Sheriff Fund	Homeland Security Grant Fund	Federal Grant Sheriff Fund	Keno Lottery Fund	911 Wireless Service Fund
RECEIPTS						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$57,802
Interest	-	-	-	-	127	-
Intergovernmental	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-
Miscellaneous	-	6,100	-	-	17,313	-
TOTAL RECEIPTS	<u>-</u>	<u>6,100</u>	<u>-</u>	<u>-</u>	<u>17,440</u>	<u>57,802</u>
DISBURSEMENTS						
General Government	-	-	-	-	2,609	-
Public Safety	-	7,226	7,819	-	-	-
Public Works	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>7,226</u>	<u>7,819</u>	<u>-</u>	<u>2,609</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>-</u>	<u>(1,126)</u>	<u>(7,819)</u>	<u>-</u>	<u>14,831</u>	<u>57,802</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(57,802)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(57,802)</u>
Net Change in Fund Balances	-	(1,126)	(7,819)	-	14,831	-
FUND BALANCES - BEGINNING	<u>11,734</u>	<u>3,196</u>	<u>7,909</u>	<u>4,291</u>	<u>67,486</u>	<u>34,850</u>
FUND BALANCES - ENDING	<u>\$ 11,734</u>	<u>\$ 2,070</u>	<u>\$ 90</u>	<u>\$ 4,291</u>	<u>\$82,317</u>	<u>\$34,850</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	-
911 Emergency Services	-	-	-	-	-	34,850
Drug Education	-	-	-	-	-	-
Law Enforcement	11,734	-	90	4,291	-	-
Preservation of Records	-	-	-	-	-	-
Bridge/Road Projects	-	-	-	-	-	-
Committed to:						
Law Enforcement	-	2,070	-	-	-	-
County Buildings	-	-	-	-	-	-
Special Projects	-	-	-	-	82,317	-
Landfill Closures	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 11,734</u>	<u>\$ 2,070</u>	<u>\$ 90</u>	<u>\$ 4,291</u>	<u>\$82,317</u>	<u>\$34,850</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, 2015

	911 Wireless Service Holding Fund	County Buildings Maintenance Fund	County Landfill Fund	911 Surcharge Fund	Total Nonmajor Governmental Funds
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ -	\$ 62,754	\$ 209,801
Interest	-	-	-	-	130
Intergovernmental	-	-	-	-	391,729
Charges for Services	-	-	-	-	10,807
Miscellaneous	-	22,921	-	-	48,733
TOTAL RECEIPTS	<u>-</u>	<u>22,921</u>	<u>-</u>	<u>62,754</u>	<u>661,200</u>
DISBURSEMENTS					
General Government	-	92,474	-	-	117,983
Public Safety	-	-	-	86,290	112,911
Public Works	-	-	24,679	-	24,679
Culture and Recreation	-	-	-	-	79,898
TOTAL DISBURSEMENTS	<u>-</u>	<u>92,474</u>	<u>24,679</u>	<u>86,290</u>	<u>335,471</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>-</u>	<u>(69,553)</u>	<u>(24,679)</u>	<u>(23,536)</u>	<u>325,729</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	57,802	-	-	-	57,802
Transfers out	-	-	-	-	(57,802)
TOTAL OTHER FINANCING SOURCES (USES)	<u>57,802</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	57,802	(69,553)	(24,679)	(23,536)	325,729
FUND BALANCES - BEGINNING	<u>93,542</u>	<u>324,598</u>	<u>196,602</u>	<u>170,967</u>	<u>1,161,959</u>
FUND BALANCES - ENDING	<u><u>\$ 151,344</u></u>	<u><u>\$ 255,045</u></u>	<u><u>\$171,923</u></u>	<u><u>\$147,431</u></u>	<u><u>\$ 1,487,688</u></u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	14,318
911 Emergency Services	151,344	-	-	147,431	333,625
Drug Education	-	-	-	-	2,047
Law Enforcement	-	-	-	-	16,115
Preservation of Records	-	-	-	-	4,540
Bridge/Road Projects	-	-	-	-	605,010
Committed to:					
Law Enforcement	-	-	-	-	2,748
County Buildings	-	255,045	-	-	255,045
Special Projects	-	-	-	-	82,317
Landfill Closures	-	-	171,923	-	171,923
TOTAL FUND BALANCES	<u><u>\$ 151,344</u></u>	<u><u>\$ 255,045</u></u>	<u><u>\$171,923</u></u>	<u><u>\$147,431</u></u>	<u><u>\$ 1,487,688</u></u>

(Concluded)

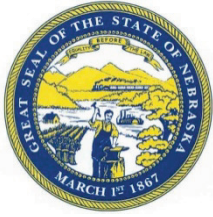
OTOE COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2015

	County Clerk	Register of Deeds	Clerk of the District Court	County Sheriff	County Attorney	Child Support Enforcement	County Keno	Emergency Manager	Total
BALANCES JULY 1, 2014	\$ 1,065	\$ 60,638	\$ 54,061	\$ 8,359	\$ 1,043	\$ 308	\$ 7,295	\$ 275	\$ 133,044
RECEIPTS									
Licenses and Permits	1,230	-	-	885	-	-	-	-	2,115
Charges for Services	2,305	108,562	21,963	46,257	1,220	-	-	-	180,307
Miscellaneous	1,712	50	-	-	559	-	15,216	725	18,262
State Fees	85	114,112	19,413	-	-	-	4,978	-	138,588
Other Liabilities	-	-	632,714	15,135	14,880	1,700	233,424	-	897,853
TOTAL RECEIPTS	5,332	222,724	674,090	62,277	16,659	1,700	253,618	725	1,237,125
DISBURSEMENTS									
Payments to County Treasurer	3,327	116,138	20,755	47,328	1,699	-	12,697	-	201,944
Payments to State Treasurer	78	144,871	19,807	-	-	-	4,162	-	168,918
Other Liabilities	1,712	50	657,932	15,327	15,123	1,708	235,375	725	927,952
TOTAL DISBURSEMENTS	5,117	261,059	698,494	62,655	16,822	1,708	252,234	725	1,298,814
BALANCES JUNE 30, 2015	\$ 1,280	\$ 22,303	\$ 29,657	\$ 7,981	\$ 880	\$ 300	\$ 8,679	\$ 275	\$ 71,355
BALANCES CONSIST OF:									
Due to County Treasurer	\$ 280	\$ 11,730	\$ 2,553	\$ 6,715	\$ 80	\$ -	\$ 2,922	\$ -	\$ 24,280
Petty Cash	1,000	50	100	1,000	500	300	-	275	3,225
Due to State Treasurer	-	10,523	1,189	-	-	-	921	-	12,633
Due to Others	-	-	25,815	266	300	-	4,836	-	31,217
BALANCES JUNE 30, 2015	\$ 1,280	\$ 22,303	\$ 29,657	\$ 7,981	\$ 880	\$ 300	\$ 8,679	\$ 275	\$ 71,355

OTOE COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2015

Item	2010	2011	2012	2013	2014
Tax Certified by Assessor					
Real Estate	\$ 22,956,444	\$ 24,897,595	\$ 26,850,086	\$ 28,748,781	\$ 30,300,882
Personal and Specials	2,092,967	2,056,157	2,212,648	2,303,383	2,299,766
Total	25,049,411	26,953,752	29,062,734	31,052,164	32,600,648
Corrections					
Additions	14,023	11,997	10,552	16,259	3,441
Deductions	(26,996)	(16,762)	(10,454)	(8,661)	(2,057)
Net Additions/ (Deductions)	(12,973)	(4,765)	98	7,598	1,384
Corrected Certified Tax	25,036,438	26,948,987	29,062,832	31,059,762	32,602,032
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2011	15,109,973	-	-	-	-
June 30, 2012	9,890,948	16,535,584	-	-	-
June 30, 2013	16,610	10,374,964	18,113,102	-	-
June 30, 2014	7,783	24,028	10,929,958	19,760,814	-
June 30, 2015	1,520	4,008	8,009	11,273,951	20,818,773
Total Net Collections	25,026,834	26,938,584	29,051,069	31,034,765	20,818,773
Total Uncollected Tax	\$ 9,604	\$ 10,403	\$ 11,763	\$ 24,997	\$ 11,783,259
Percentage Uncollected Tax	0.04%	0.04%	0.04%	0.08%	36.14%

Note: Tax refunds are netted against tax collections to determine Net Tax Collected.



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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

Board of Commissioners
Otoe County, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Otoe County, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Otoe County's basic financial statements, and have issued our report thereon dated October 27, 2015. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Otoe County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency to be a material weakness:

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

Additional Items

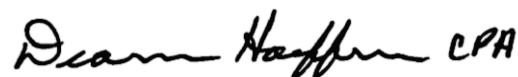
We also noted certain matters that we reported to the management of Otoe County in a separate letter dated October 27, 2015.

Otoe County's Response to Findings

Otoe County declined to respond to the finding described above.

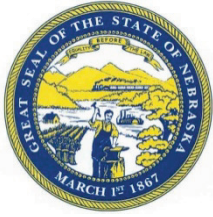
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature of Deann Haeffner in black ink, followed by the letters "CPA".

Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

October 27, 2015



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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October 27, 2015

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, 2015, and have issued our report thereon dated October 27, 2015. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

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

COUNTY OVERALL

Segregation of Duties

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

We noted the offices of the County each lacked a segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. 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 Paid in Advance

During the audit, we noted the County Board was approving and paying the deputy County Sheriff's paychecks prior to the end of the month. This practice results in employees receiving paychecks prior to earning all the hours included on the check. For instance, deputies were paid on December 24, 2014, for the month of December, seven days in advance of earning the full month's pay.

Neb. Rev. Stat. § 23-135(1) (Reissue 2012) provides, in relevant part, "All claims against a county shall be filed with the county clerk within ninety days from the time when any materials or labor . . . have been furnished or performed" Furthermore, good accounting and control procedures suggest the County Board should not approve the disbursement of money prior to ensuring the County actually owes the debt.

When paychecks are paid prior to hours earned, there is an increased risk of loss or misuse of County funds.

We recommend that the County Board implement procedures to ensure that paychecks are not paid in advance of hours worked.

County's Response: The County back in July implemented a change of the payroll periods so that the deputies are NOT paid in advance. Their payroll period now ends in the middle of the month, so that payments made at the second board meeting are being made after the payroll period has ended.

Claim Process

At the December 9, 2014, County Board meeting, a claim totaling \$300 was approved to Video Home Theater, a business owned by County Board member Rick Freshman. Mr. Freshman did not abstain from voting on approval of the claim.

We also noted a claim totaling \$20,000 approved at the September 9, 2014, County Board meeting to the Nebraska City Area Economic Development had no documentation on file to support the amount paid.

Neb. Rev. Stat. § 49-14,103.01(2) states, in part, that no officer may have an interest in any contract to which his or her governing body, or anyone for its benefit, is a party unless the interested officer does not vote on the matters of the contract. Additionally, good internal control requires adequate supporting documentation to be on file to ensure proper payment of all claims.

When a board member does not abstain from voting on related party transactions and supporting documentation for expenditures is not maintained, there is an increased risk of loss or misuse of County funds.

We recommend the County Board implement procedures to ensure that all claims having a related party relationship be handled in accordance with State statutes and supporting documentation be maintained on file for all claims.

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 (fee and trust accounts) on at least a monthly basis. Balancing procedures should include the timely identification and resolution of all variances noted.

The County Sheriff does not have procedures in place to follow up on timely or account for accurately accounts receivable. The County Sheriff was unable to provide an accurate listing of accounts receivable at June 30, 2015, causing an unknown variance of \$69 in assets compared to liabilities. We also noted the listing contained 52 accounts receivable balances totaling \$1,237, which were outstanding for over a year.

When all monies received are not appropriately accounted for and there is a failure to determine asset-to-liability balancing variances, there is an increased risk of loss, theft, or misuse of funds allowing errors to go undetected more easily.

We recommend the County Sheriff maintain adequate records at all times to support all balances and follow up on old accounts receivable.

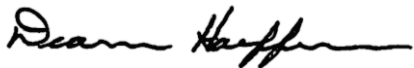
* * * * *

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

Draft copies of this report were furnished to the County to provide management with an opportunity to review the report and to respond to the comments and recommendations included in this report. All formal responses received have been incorporated into this report. Where no response has been included, the County declined to respond. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next audit.

This report is intended solely for the information and use of the County, the appropriate Federal and regulatory agencies, and citizens of the State of Nebraska, and it is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Sincerely,



Deann Haeffner
Assistant Deputy Auditor