

**AUDIT REPORT
OF
OTOE COUNTY**

JULY 1, 2019, THROUGH JUNE 30, 2020

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Issued on November 17, 2020

OTOE COUNTY

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OTOE COUNTY
1021 Central Ave.
Nebraska City, NE 68410

LIST OF COUNTY OFFICIALS
At June 30, 2020

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	Jerad Sornson	Jan. 2023
	James Thurman	Jan. 2023
	James Parsons	Jan. 2021
	Richard Freshman	Jan. 2023
	Dean Speth	Jan. 2021
Assessor	Christina Smallfoot	Jan. 2023
Attorney	Jennifer Panko-Rahe	Jan. 2023
Clerk Election Commissioner	Jennifer Bassinger	Jan. 2023
Register of Deeds	Ruth Ann Weddle	Jan. 2023
Clerk of the District Court	Janis Riege	Jan. 2023
Sheriff	Colin Caudill	Jan. 2023
Treasurer	Nicki Kreifels	Jan. 2023
Surveyor	David Schmitz	Jan. 2023
Veterans' Service Officer	Chad Miller	Appointed
Highway Superintendent	Jonathan Brinkman	Appointed
Emergency Manager	Gregg Goebel	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, 2020, 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, 2020, 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.

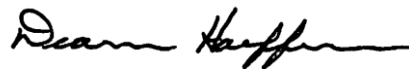
Report on Supplementary Information

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 18-29, 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 November 12, 2020, 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* in considering Otoe County's internal control over financial reporting and compliance.



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

November 12, 2020

OTOE COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2020

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 5,804,277
Investments (Note 1.D)	303,397
TOTAL ASSETS	\$ 6,107,674
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 72,430
911 Emergency Services	217,844
Drug Education	2,455
Law Enforcement	32,839
Preservation of Records	20,067
Bridge/Road Projects	533,343
Unrestricted	5,228,696
TOTAL NET POSITION	\$ 6,107,674

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, 2020

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	\$ (5,192,927)	\$ 574,587	\$ 84,051	\$ (4,534,289)
Public Safety	(3,076,639)	65,302	152,919	(2,858,418)
Public Works	(5,035,861)	4,716	2,468,665	(2,562,480)
Public Assistance	(149,868)	-	-	(149,868)
Culture and Recreation	(119,758)	-	-	(119,758)
Debt Payments	(584,910)	-	-	(584,910)
Total Governmental Activities	\$ (14,159,963)	\$ 644,605	\$ 2,705,635	(10,809,723)
General Receipts:				
Property Taxes				8,836,805
Grants and Contributions Not Restricted to Specific Programs				1,584,064
Investment Income				68,324
Licenses and Permits				110,441
Miscellaneous				187,131
Total General Receipts				10,786,765
Increase in Net Position				(22,958)
Net Position - Beginning of year				6,130,632
Net Position - End of year				\$ 6,107,674

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, 2020

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents (Note 1.D)	\$ 1,518,180	\$ 38,580	\$ 2,791,838	\$ 1,455,679	\$ 5,804,277
Investments (Note 1.D)	-	-	303,397	-	303,397
TOTAL ASSETS	\$ 1,518,180	\$ 38,580	\$ 3,095,235	\$ 1,455,679	\$ 6,107,674
 FUND BALANCES					
Restricted for:					
Visitor Promotion	-	-	-	72,430	72,430
911 Emergency Services	-	-	-	217,844	217,844
Drug Education	-	-	-	2,455	2,455
Law Enforcement	-	-	-	32,839	32,839
Preservation of Records	-	-	-	20,067	20,067
Bridge/Road Projects	-	-	-	533,343	533,343
Committed to:					
Law Enforcement	-	-	-	15,115	15,115
Road Maintenance	-	38,580	-	-	38,580
County Buildings	-	-	-	238,161	238,161
Veterans' Aid	-	-	-	6,681	6,681
Community Projects	-	-	-	200,750	200,750
Landfill Closures	-	-	-	115,994	115,994
Assigned to:					
Other Purposes	-	-	3,095,235	-	3,095,235
Unassigned	1,518,180	-	-	-	1,518,180
TOTAL CASH BASIS FUND BALANCES	\$ 1,518,180	\$ 38,580	\$ 3,095,235	\$ 1,455,679	\$ 6,107,674

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, 2020

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Property Taxes	\$7,780,482	\$ -	\$ 809,951	\$ 246,372	\$ 8,836,805
Licenses and Permits	104,991	5,450	-	-	110,441
Investment Income	67,468	-	-	856	68,324
Intergovernmental	1,318,194	2,469,234	-	502,271	4,289,699
Charges for Services	617,507	4,716	-	22,382	644,605
Miscellaneous	32,507	41,341	17,270	96,013	187,131
TOTAL RECEIPTS	<u>9,921,149</u>	<u>2,520,741</u>	<u>827,221</u>	<u>867,894</u>	<u>14,137,005</u>
DISBURSEMENTS					
General Government	4,481,661	-	583,710	127,556	5,192,927
Public Safety	2,951,722	-	-	124,917	3,076,639
Public Works	47,459	4,620,659	-	367,743	5,035,861
Public Assistance	116,344	-	-	33,524	149,868
Culture and Recreation	5,639	-	-	114,119	119,758
Debt Service:					
Principal Payments	-	485,000	-	-	485,000
Interest and Fiscal Charges	-	99,910	-	-	99,910
TOTAL DISBURSEMENTS	<u>7,602,825</u>	<u>5,205,569</u>	<u>583,710</u>	<u>767,859</u>	<u>14,159,963</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>2,318,324</u>	<u>(2,684,828)</u>	<u>243,511</u>	<u>100,035</u>	<u>(22,958)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	35,149	2,722,698	-	186,681	2,944,528
Transfers out	(2,822,698)	-	-	(121,830)	(2,944,528)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,787,549)</u>	<u>2,722,698</u>	<u>-</u>	<u>64,851</u>	<u>-</u>
Net Change in Fund Balances	(469,225)	37,870	243,511	164,886	(22,958)
CASH BASIS FUND BALANCES - BEGINNING					
	<u>1,987,405</u>	<u>710</u>	<u>2,851,724</u>	<u>1,290,793</u>	<u>6,130,632</u>
CASH BASIS FUND BALANCES - ENDING					
	<u>\$ 1,518,180</u>	<u>\$ 38,580</u>	<u>\$ 3,095,235</u>	<u>\$ 1,455,679</u>	<u>\$ 6,107,674</u>

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

OTOE COUNTY
STATEMENT OF CASH BASIS NET POSITION
FIDUCIARY FUNDS
 June 30, 2020

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 1,996,413
 LIABILITIES	
Due to other governments	
State	426,747
Schools	1,121,268
Educational Service Units	5,028
Technical College	31,341
Natural Resource Districts	9,002
Fire Districts	3,465
Municipalities	126,010
Agricultural Society	1,969
Airport Authority	4,448
Sanitary and Improvement Districts	45,897
Hospital	1,389
Others	219,849
TOTAL LIABILITIES	1,996,413
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, 2020

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. The County is also considered financially accountable if an organization is fiscally dependent on and there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board. 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 \$65,749 toward the operation of the Region during fiscal year 2020. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Department of Health and Human Services requires the Region to be audited annually in accordance with State statute. Financial information for the Region is available in those audit reports.

Health Department – The County has entered into an agreement with the Southeast District Health Department (Department) to provide public health services. The agreement was established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636 (Reissue 2018).

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 2020. 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) (Supp. 2019). Financial information for the Department is available in that report.

Southeast Region 911 Communications Services (911 Region) – The County has entered into an agreement with the governing boards of Public Safety Answering Points (PSAPs) of the City of Lincoln, City of Beatrice, City of Crete, City of Falls City, Cass County, Clay County, Fillmore County, Johnson County, Pawnee County, Nemaha County, Nuckolls County, Jefferson County, Seward County, Thayer County, and York County to fund the planning, creation, and implementation of a 911 emergency call system for the southeast region of the State of Nebraska.

The governing board is established by interlocal agreement and includes representatives from the participating political subdivisions. Each political subdivision contributes to the financial support of the 911 Region based on formulas developed by the governing board. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$18,494 to toward the operation of the 911 Region during fiscal year 2020. In event of the termination of the agreement, assets would be disposed of in accordance with terms of the agreement. Nemaha County was named the fiscal agent of the 911 Region, and all financial activity of the 911 Region would be available in the Nemaha County audit 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 Net Position presents the County's non-fiduciary assets in two categories:

Restricted. This category results when constraints are externally imposed on net asset use by creditors, grantors, or contributors, or imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources as they are needed.

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

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

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

Fund Financial Statements. The fund financial statements provide information about the County's funds, including its fiduciary funds. GAAP requires separate statements by fund category – governmental, proprietary, and fiduciary. The County uses only the governmental and fiduciary fund categories. The County Board is the highest level of decision-making authority and has the authority, by resolution, to establish, modify, or rescind the commitment or assignment of a fund balance to a specific purpose. When resources for a specific purpose are available in more than one fund balance classification, the County's policy is to use resources in the following order: restricted, committed, assigned, and unassigned. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

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

Road Fund. This fund is used to account for costs associated with the repair and maintenance of roads and bridges and is primarily funded by State tax receipts.

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 follows:

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

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

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

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

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

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

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 2018) and generally include U.S. Government obligations, certificates of deposit, and time deposits and securities, which are authorized by the Nebraska Investment Council.

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

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

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

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 \$878,978 of restricted net position, which is fully restricted by enabling legislation.

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

The County Board is authorized to transfer budgeted amounts between departments within any fund through resolution; however, if revisions are made that alter the total disbursements of any fund, an additional public hearing must be held. The legal level of budgetary control for the General Fund is at the function level, and the special revenue fund types are at the fund level. The County Board is also authorized to budget for the transfer of money between County funds.

2. **Deposits and Investments**

The County has generally pooled the cash resources of the various funds for investment purposes. Interest earned on pooled funds is credited to the County General Fund in accordance with Neb. Rev. Stat. § 77-2315 (Reissue 2018).

At year end, the County's carrying amount of deposits was \$5,804,277 for County funds and \$1,996,413 for Fiduciary funds. The bank balances for all funds totaled \$7,886,139. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2020, 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 \$303,397 deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a nine-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.

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. Property Taxes (Concluded)

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

The levy set in October 2019, for the 2019 taxes, which will be materially collected in May and September 2020, was set at \$.339172/\$100 of assessed valuation. The levy set in October 2018, for the 2018 taxes, which were materially collected in May and September 2019, was set at \$.299734/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

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

4. Retirement System

The Retirement System for Nebraska Counties (Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2012, Cum. Supp. 2018) and may be amended through legislative action.

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

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

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, 2020, 122 employees contributed \$223,830, and the County contributed \$330,915. Contributions included \$9,675 in cash contributions towards the supplemental law enforcement plan for 18 law enforcement employees. Lastly, the County paid \$2,374 directly to 23 retired employees for prior service benefits.

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. Risk Management

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The County has purchased commercial insurance to cover the risk of loss and believes adequate coverage exists for potential exposures.

There were no significant reductions in insurance coverage from the prior year coverage, and the County did not incur any expenses that exceeded the coverage amount for the year ended June 30, 2020.

6. Interfund Transfers

Interfund transfers for the year ended June 30, 2020, consisted of the following:

Transfers to	Transfers from		Total
	General Fund	Nonmajor Funds	
General Fund	\$ -	\$ 35,149	\$ 35,149
Road Fund	2,722,698	-	2,722,698
Nonmajor Funds	100,000	86,681	186,681
Total	\$ 2,822,698	\$ 121,830	\$ 2,944,528

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.

In the year ended June 30, 2020, the County transferred \$35,149 from the 911 Wireless Service Fund to the General Fund to reimburse dispatch wages originally paid out of the General Fund. Furthermore, the County transferred \$86,681 from the 911 Wireless Service Fund to the 911 Wireless Service Holding Fund to set aside 911 funds during the fiscal year.

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:

	Caterpillar Motor Graders	Caterpillar Bulldozers	Motorola 911 Communication Equipment	Total
	Balance July 1, 2019	\$ 180,242	\$ 160,433	\$ 1,296,784
Purchases	-	-	-	-
Payments	99,197	100,699	140,855	340,751
Balance June 30, 2020	\$ 81,045	\$ 59,734	\$ 1,155,929	\$ 1,296,708

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

7. Capital Leases Payable (Concluded)

	Caterpillar Motor Graders	Caterpillar Bulldozers	Motorola 911 Communication Equipment	Total
Future Payments:				
Year				
2021	\$ 33,151	\$ 60,385	\$ 166,983	\$ 260,519
2022	33,151	-	166,983	200,134
2023	16,576	-	166,983	183,559
2024	-	-	166,983	166,983
2025	-	-	166,983	166,983
2026-2030	-	-	417,457	417,457
Total Payments	82,878	60,385	1,252,372	1,395,635
Less Interest	1,833	651	96,443	98,927
Present Value of Future Minimum Lease Payments	\$ 81,045	\$ 59,734	\$ 1,155,929	\$ 1,296,708
Carrying Value of the Related Fixed Asset	\$ 185,656	\$ 285,356	\$ 1,584,274	\$ 2,576,036

8. Contingent Liabilities

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

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. In fiscal year 2015, these bonds were refinanced in the amount of \$1,885,000. The bond payable balance, as of June 30, 2020, was \$795,000. 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:	Principal	Interest	Total
Year			
2021	\$ 185,000	20,865	\$ 205,865
2022	200,000	16,795	216,795
2023	200,000	11,695	211,695
2024	210,000	6,195	216,195
Total Payments	\$ 795,000	55,550	850,550

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. In July 2016, the County Board approved the refinancing of these bonds and issuances of additional highway bonds for a total of \$4,455,000. The bond payable balance, as of June 30, 2020, was \$3,235,000. 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.

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

9. Long-Term Debt (Concluded)

Future Payments:	Principal	Interest	Total
Year			
2021	\$ 310,000	69,525	379,525
2022	315,000	63,325	378,325
2023	330,000	57,025	387,025
2024	330,000	50,425	380,425
2025	565,000	43,825	608,825
2026-2030	1,040,000	117,395	1,157,395
2031-2034	345,000	15,600	360,600
Total Payments	\$ 3,235,000	\$ 417,120	\$ 3,652,120

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 8,710,604	\$ 8,710,604	\$ 7,780,482	\$ (930,122)
Licenses and Permits	71,500	71,500	104,991	33,491
Interest	50,000	50,000	67,468	17,468
Intergovernmental	668,220	668,220	1,318,194	649,974
Charges for Services	592,000	592,000	617,507	25,507
Miscellaneous	-	-	32,507	32,507
TOTAL RECEIPTS	10,092,324	10,092,324	9,921,149	(171,175)
DISBURSEMENTS				
General Government:				
County Board	152,200	152,200	149,027	3,173
County Clerk	156,450	156,450	153,123	3,327
County Treasurer	266,083	267,462	267,462	-
Register of Deeds	145,473	147,651	147,651	-
County Assessor	269,885	269,885	240,834	29,051
Election Commissioner	69,660	69,660	26,766	42,894
Building and Zoning	42,383	42,383	34,345	8,038
Data Processing Department	323,218	323,218	321,640	1,578
Clerk of the District Court	121,103	121,103	118,576	2,527
County Court System	9,800	9,800	5,888	3,912
Public Defender	168,012	168,012	165,965	2,047
Building and Grounds	162,200	162,200	136,852	25,348
Agricultural Extension Agent	101,065	101,065	100,124	941
Coroner	27,100	29,164	29,164	-
Child Support	53,335	53,335	42,667	10,668
Equipment Acquisitions	405,000	405,000	27,769	377,231
Miscellaneous	2,794,954	2,788,919	2,513,808	275,111
Public Safety				
County Sheriff	1,316,750	1,316,750	1,263,715	53,035
County Attorney	307,350	307,350	288,184	19,166
Juvenile Diversion Program	94,704	94,704	90,760	3,944
County Jail	1,074,800	1,074,800	962,567	112,233
Nuclear Accident-Emergency	57,528	57,528	44,822	12,706
Traffic & Seatbelt Grant	17,000	17,000	4,126	12,874
Civil Defense	119,332	119,332	97,233	22,099
Safety Committee	15,500	15,500	10,082	5,418
Emergency Equipment	80,000	80,000	-	80,000
911 Services	212,483	212,483	190,233	22,250

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

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DISBURSEMENTS (Continued)				
Public Works				
County Surveyor	57,848	57,848	47,459	10,389
Public Assistance				
County Relief	7,900	7,900	4,361	3,539
Veterans' Aid	3,300	3,300	2,410	890
Veterans' Service Officer	70,490	70,490	65,358	5,132
Welfare Ass't Admin	48,900	48,900	44,215	4,685
Culture and Recreation				
County Museum	5,225	5,639	5,639	-
TOTAL DISBURSEMENTS	<u>8,757,031</u>	<u>8,757,031</u>	<u>7,602,825</u>	<u>1,154,206</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,335,293</u>	<u>1,335,293</u>	<u>2,318,324</u>	<u>983,031</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	35,149	35,149
Transfers out	(2,822,698)	(2,822,698)	(2,822,698)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,822,698)</u>	<u>(2,822,698)</u>	<u>(2,787,549)</u>	<u>35,149</u>
Net Change in Fund Balance	(1,487,405)	(1,487,405)	(469,225)	1,018,180
FUND BALANCE - BEGINNING	<u>1,987,405</u>	<u>1,987,405</u>	<u>1,987,405</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 1,518,180</u>	<u>\$ 1,018,180</u>

(Concluded)

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Licenses and Permits	\$ 2,000	\$ 2,000	\$ 5,450	\$ 3,450
Intergovernmental	2,607,546	2,607,546	2,469,234	(138,312)
Charges for Services	855,000	855,000	4,716	(850,284)
Miscellaneous	23,750	23,750	41,341	17,591
TOTAL RECEIPTS	3,488,296	3,488,296	2,520,741	(967,555)
DISBURSEMENTS	6,211,704	6,211,704	5,205,569	1,006,135
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(2,723,408)	(2,723,408)	(2,684,828)	38,580
OTHER FINANCING SOURCES (USES)				
Transfers in	2,722,698	2,722,698	2,722,698	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	2,722,698	2,722,698	2,722,698	-
Net Change in Fund Balance	(710)	(710)	37,870	38,580
FUND BALANCE - BEGINNING	710	710	710	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 38,580	\$ 38,580
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 800,000	\$ 800,000	\$ 809,951	\$ 9,951
Miscellaneous	-	-	17,270	17,270
TOTAL RECEIPTS	800,000	800,000	827,221	27,221
DISBURSEMENTS	3,651,724	3,651,724	583,710	3,068,014
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(2,851,724)	(2,851,724)	243,511	3,095,235
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balance	(2,851,724)	(2,851,724)	243,511	3,095,235
FUND BALANCE - BEGINNING	2,851,724	2,851,724	2,851,724	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 3,095,235	\$ 3,095,235

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
HIGHWAY BRIDGE BUYBACK PROGRAM				
FUND				
Receipts	\$ 472,015	\$ 472,015	\$ 472,015	\$ -
Disbursements	(901,086)	(901,086)	(367,743)	533,343
Net Change in Fund Balance	(429,071)	(429,071)	104,272	533,343
Fund Balance - Beginning	429,071	429,071	429,071	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 533,343</u>	<u>\$ 533,343</u>
VISITOR PROMOTION FUND				
Receipts	\$ 95,585	\$ 95,585	\$ 142,134	\$ 46,549
Disbursements	(140,000)	(140,000)	(114,119)	25,881
Net Change in Fund Balance	(44,415)	(44,415)	28,015	72,430
Fund Balance - Beginning	44,415	44,415	44,415	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,430</u>	<u>\$ 72,430</u>
PRESERVATION & MODERNIZATION				
FUND				
Receipts	\$ 11,000	\$ 11,000	\$ 12,282	\$ 1,282
Disbursements	(28,008)	(28,008)	(9,223)	18,785
Net Change in Fund Balance	(17,008)	(17,008)	3,059	20,067
Fund Balance - Beginning	17,008	17,008	17,008	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,067</u>	<u>\$ 20,067</u>
VETERANS' AID FUND				
Receipts	\$ 35,000	\$ 35,000	\$ 40,205	\$ 5,205
Disbursements	(35,000)	(35,000)	(33,524)	1,476
Net Change in Fund Balance	-	-	6,681	6,681
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,681</u>	<u>\$ 6,681</u>
STOP PROGRAM FUND				
Receipts	\$ 3,320	\$ 3,320	\$ 10,100	\$ 6,780
Disbursements	(9,970)	(9,970)	(9,819)	151
Net Change in Fund Balance	(6,650)	(6,650)	281	6,931
Fund Balance - Beginning	6,650	6,650	6,650	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,931</u>	<u>\$ 6,931</u>

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DRUG LAW ENFORCEMENT AND EDUCATION FUND				
Receipts	\$ 22,791	\$ 22,791	\$ 246	\$ (22,545)
Disbursements	(25,000)	(25,000)	-	25,000
Net Change in Fund Balance	(2,209)	(2,209)	246	2,455
Fund Balance - Beginning	2,209	2,209	2,209	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,455</u>	<u>\$ 2,455</u>
FEDERAL DRUG LAW ENFORCEMENT FUND				
Receipts	\$ 148,012	\$ 148,012	\$ 28,017	\$ (119,995)
Disbursements	(159,746)	(159,746)	(11,203)	148,543
Net Change in Fund Balance	(11,734)	(11,734)	16,814	28,548
Fund Balance - Beginning	11,734	11,734	11,734	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,548</u>	<u>\$ 28,548</u>
LOCAL GRANTS - SHERIFF FUND				
Receipts	\$ 19,733	\$ 19,733	\$ 20,500	\$ 767
Disbursements	(30,000)	(30,000)	(22,583)	7,417
Net Change in Fund Balance	(10,267)	(10,267)	(2,083)	8,184
Fund Balance - Beginning	10,267	10,267	10,267	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,184</u>	<u>\$ 8,184</u>
FEDERAL GRANT SHERIFF FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(4,291)	(4,291)	-	4,291
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	\$ 40,000	\$ 40,000	\$ 38,157	\$ (1,843)
Disbursements	(232,344)	(232,344)	(29,751)	202,593
Net Change in Fund Balance	(192,344)	(192,344)	8,406	200,750
Fund Balance - Beginning	192,344	192,344	192,344	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,750</u>	<u>\$ 200,750</u>

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
911 EMERGENCY MANAGEMENT FUND				
Receipts	\$ 50,000	\$ 50,000	\$ 43,323	\$ (6,677)
Disbursements	(68,571)	(68,571)	(59,074)	9,497
Net Change in Fund Balance	(18,571)	(18,571)	(15,751)	2,820
Fund Balance - Beginning	18,571	18,571	18,571	-
Fund Balance - Ending	\$ -	\$ -	\$ 2,820	\$ 2,820
911 WIRELESS SERVICE FUND				
Receipts	\$ 60,915	\$ 60,915	\$ 60,915	\$ -
Disbursements	(39,368)	(39,368)	(5,538)	33,830
Transfers in	-	-	-	-
Transfers out	(88,000)	(88,000)	(121,830)	(33,830)
Net Change in Fund Balance	(66,453)	(66,453)	(66,453)	-
Fund Balance - Beginning	66,453	66,453	66,453	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -
911 WIRELESS SERVICE HOLDING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(233,043)	(233,043)	(16,700)	216,343
Transfers in	88,000	88,000	86,681	(1,319)
Transfers out	-	-	-	-
Net Change in Fund Balance	(145,043)	(145,043)	69,981	215,024
Fund Balance - Beginning	145,043	145,043	145,043	-
Fund Balance - Ending	\$ -	\$ -	\$ 215,024	\$ 215,024
COUNTY BUILDINGS MAINTENANCE FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(325,108)	(325,108)	(86,947)	238,161
Transfers in	100,000	100,000	100,000	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(225,108)	(225,108)	13,053	238,161
Fund Balance - Beginning	225,108	225,108	225,108	-
Fund Balance - Ending	\$ -	\$ -	\$ 238,161	\$ 238,161

(Continued)

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

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
COUNTY LANDFILL FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(117,629)	(117,629)	(1,635)	115,994
Net Change in Fund Balance	(117,629)	(117,629)	(1,635)	115,994
Fund Balance - Beginning	117,629	117,629	117,629	-
Fund Balance - Ending	\$ -	\$ -	\$ 115,994	\$ 115,994

(Concluded)

OTOE COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	Highway Bridge Buyback Program Fund	Visitor Promotion Fund	Preservation & Modernization Fund	Veterans' Aid Fund	STOP Program Fund
RECEIPTS					
Property Taxes	\$ -	\$ 142,134	\$ -	\$ -	\$ -
Investment Income	-	-	-	-	-
Intergovernmental	472,015	-	-	-	-
Charges for Services	-	-	12,282	-	10,100
Miscellaneous	-	-	-	40,205	-
TOTAL RECEIPTS	<u>472,015</u>	<u>142,134</u>	<u>12,282</u>	<u>40,205</u>	<u>10,100</u>
DISBURSEMENTS					
General Government	-	-	9,223	-	-
Public Safety	-	-	-	-	9,819
Public Works	367,743	-	-	-	-
Public Assistance	-	-	-	33,524	-
Culture and Recreation	-	114,119	-	-	-
TOTAL DISBURSEMENTS	<u>367,743</u>	<u>114,119</u>	<u>9,223</u>	<u>33,524</u>	<u>9,819</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>104,272</u>	<u>28,015</u>	<u>3,059</u>	<u>6,681</u>	<u>281</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	104,272	28,015	3,059	6,681	281
FUND BALANCES - BEGINNING	<u>429,071</u>	<u>44,415</u>	<u>17,008</u>	<u>-</u>	<u>6,650</u>
FUND BALANCES - ENDING	<u>\$ 533,343</u>	<u>\$ 72,430</u>	<u>\$ 20,067</u>	<u>\$ 6,681</u>	<u>\$ 6,931</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	72,430	-	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	20,067	-	-
Bridge/Road Projects	533,343	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	6,931
County Buildings	-	-	-	-	-
Veterans' Aid	-	-	-	6,681	-
Community Projects	-	-	-	-	-
Landfill Closures	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 533,343</u>	<u>\$ 72,430</u>	<u>\$ 20,067</u>	<u>\$ 6,681</u>	<u>\$ 6,931</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, 2020

	Drug Law Enforcement and Education Fund	Federal Drug Law Enforcement Fund	Local Grants - Sheriff Fund	Federal Grant Sheriff Fund	Keno Lottery Fund	911 Emergency Management Fund
RECEIPTS						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,323
Investment Income	7	-	-	-	849	-
Intergovernmental	239	28,017	2,000	-	-	-
Charges for Services	-	-	-	-	-	-
Miscellaneous	-	-	18,500	-	37,308	-
TOTAL RECEIPTS	<u>246</u>	<u>28,017</u>	<u>20,500</u>	<u>-</u>	<u>38,157</u>	<u>43,323</u>
DISBURSEMENTS						
General Government	-	-	-	-	29,751	-
Public Safety	-	11,203	22,583	-	-	59,074
Public Works	-	-	-	-	-	-
Public Assistance	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>11,203</u>	<u>22,583</u>	<u>-</u>	<u>29,751</u>	<u>59,074</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>246</u>	<u>16,814</u>	<u>(2,083)</u>	<u>-</u>	<u>8,406</u>	<u>(15,751)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	246	16,814	(2,083)	-	8,406	(15,751)
FUND BALANCES - BEGINNING	<u>2,209</u>	<u>11,734</u>	<u>10,267</u>	<u>4,291</u>	<u>192,344</u>	<u>18,571</u>
FUND BALANCES - ENDING	<u>\$ 2,455</u>	<u>\$ 28,548</u>	<u>\$ 8,184</u>	<u>\$ 4,291</u>	<u>\$ 200,750</u>	<u>\$ 2,820</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	-
911 Emergency Services	-	-	-	-	-	2,820
Drug Education	2,455	-	-	-	-	-
Law Enforcement	-	28,548	-	4,291	-	-
Preservation of Records	-	-	-	-	-	-
Bridge/Road Projects	-	-	-	-	-	-
Committed to:						
Law Enforcement	-	-	8,184	-	-	-
County Buildings	-	-	-	-	-	-
Veterans' Aid	-	-	-	-	-	-
Community Projects	-	-	-	-	200,750	-
Landfill Closures	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 2,455</u>	<u>\$ 28,548</u>	<u>\$ 8,184</u>	<u>\$ 4,291</u>	<u>\$ 200,750</u>	<u>\$ 2,820</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, 2020

	911 Wireless Service Fund	911 Wireless Service Holding Fund	County Buildings Maintenance Fund	County Landfill Fund	Total Nonmajor Governmental Funds
RECEIPTS					
Property Taxes	\$ 60,915	\$ -	\$ -	\$ -	\$ 246,372
Investment Income	-	-	-	-	856
Intergovernmental	-	-	-	-	502,271
Charges for Services	-	-	-	-	22,382
Miscellaneous	-	-	-	-	96,013
TOTAL RECEIPTS	<u>60,915</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>867,894</u>
DISBURSEMENTS					
General Government	-	-	86,947	1,635	127,556
Public Safety	5,538	16,700	-	-	124,917
Public Works	-	-	-	-	367,743
Public Assistance	-	-	-	-	33,524
Culture and Recreation	-	-	-	-	114,119
TOTAL DISBURSEMENTS	<u>5,538</u>	<u>16,700</u>	<u>86,947</u>	<u>1,635</u>	<u>767,859</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>55,377</u>	<u>(16,700)</u>	<u>(86,947)</u>	<u>(1,635)</u>	<u>100,035</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	86,681	100,000	-	186,681
Transfers out	(121,830)	-	-	-	(121,830)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(121,830)</u>	<u>86,681</u>	<u>100,000</u>	<u>-</u>	<u>64,851</u>
Net Change in Fund Balances	(66,453)	69,981	13,053	(1,635)	164,886
FUND BALANCES - BEGINNING	<u>66,453</u>	<u>145,043</u>	<u>225,108</u>	<u>117,629</u>	<u>1,290,793</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ 215,024</u>	<u>\$ 238,161</u>	<u>\$ 115,994</u>	<u>\$ 1,455,679</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	72,430
911 Emergency Services	-	215,024	-	-	217,844
Drug Education	-	-	-	-	2,455
Law Enforcement	-	-	-	-	32,839
Preservation of Records	-	-	-	-	20,067
Bridge/Road Projects	-	-	-	-	533,343
Committed to:					
Law Enforcement	-	-	-	-	15,115
County Buildings	-	-	238,161	-	238,161
Veterans' Aid	-	-	-	-	6,681
Community Projects	-	-	-	-	200,750
Landfill Closures	-	-	-	115,994	115,994
TOTAL FUND BALANCES	<u>\$ -</u>	<u>\$ 215,024</u>	<u>\$ 238,161</u>	<u>\$ 115,994</u>	<u>\$ 1,455,679</u>

(Concluded)

OTOE COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2020

	County Clerk	Register of Deeds	Clerk of the District Court	County Sheriff	County Attorney	County Child Support Enforcement	County Keno	County Emergency Manager	Total
BALANCES JULY 1, 2019	\$ 1,347	\$ 22,389	\$ 79,420	\$ 8,178	\$ 795	\$ 300	\$ 2,490	\$ 275	\$ 115,194
RECEIPTS									
Licenses and Permits	1,525	-	-	950	-	-	-	-	2,475
Charges for Services	2,638	132,574	34,557	46,186	1,585	-	-	-	217,540
Miscellaneous	2,931	-	-	452	468	1,047	27,350	357	32,605
State Fees	-	140,400	27,869	-	-	-	10,088	-	178,357
Other Liabilities	-	-	401,939	8,303	8,385	-	-	-	418,627
TOTAL RECEIPTS	7,094	272,974	464,365	55,891	10,438	1,047	37,438	357	849,604
DISBURSEMENTS									
Payments to County Treasurer	4,292	129,353	32,044	46,963	2,087	-	27,149	-	241,888
Payments to State Treasurer	-	144,200	27,470	-	-	-	10,077	-	181,747
Other Liabilities	2,931	-	423,381	8,449	8,398	1,047	-	357	444,563
TOTAL DISBURSEMENTS	7,223	273,553	482,895	55,412	10,485	1,047	37,226	357	868,198
BALANCES JUNE 30, 2020	<u>\$ 1,218</u>	<u>\$ 21,810</u>	<u>\$ 60,890</u>	<u>\$ 8,657</u>	<u>\$ 748</u>	<u>\$ 300</u>	<u>\$ 2,702</u>	<u>\$ 275</u>	<u>\$ 96,600</u>
BALANCES CONSIST OF:									
Due to County Treasurer	\$ 218	\$ 12,891	\$ 3,233	\$ 7,657	\$ -	\$ -	\$ 2,031	\$ -	\$ 26,030
Petty Cash	1,000	50	100	1,000	500	300	-	275	3,225
Due to State Treasurer	-	8,869	2,040	-	-	-	671	-	11,580
Due to Others	-	-	55,517	-	248	-	-	-	55,765
BALANCES JUNE 30, 2020	<u>\$ 1,218</u>	<u>\$ 21,810</u>	<u>\$ 60,890</u>	<u>\$ 8,657</u>	<u>\$ 748</u>	<u>\$ 300</u>	<u>\$ 2,702</u>	<u>\$ 275</u>	<u>\$ 96,600</u>

OTOE COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2020

Item	2015	2016	2017	2018	2019
Tax Certified by Assessor					
Real Estate	\$ 32,426,068	\$ 33,084,243	\$ 33,620,043	\$ 34,098,917	\$ 34,982,243
Personal and Specials	2,294,975	2,211,252	2,202,226	2,234,395	2,341,687
Total	34,721,043	35,295,495	35,822,269	36,333,312	37,323,930
Corrections					
Additions	7,810	6,989	4,392	9,988	18,563
Deductions	(8,428)	(13,735)	(22,094)	(28,629)	(7,572)
Net Additions/ (Deductions)	(618)	(6,746)	(17,702)	(18,641)	10,991
Corrected Certified Tax	34,720,425	35,288,749	35,804,567	36,314,671	37,334,921
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2016	22,140,894	-	-	-	-
June 30, 2017	12,550,876	22,451,303	-	-	-
June 30, 2018	14,406	12,815,746	23,107,316	-	-
June 30, 2019	4,090	10,437	12,691,547	23,092,967	-
June 30, 2020	2,052	2,527	(6,467)	13,204,319	23,618,145
Total Net Collections	34,712,318	35,280,013	35,792,396	36,297,286	23,618,145
Total Uncollected Tax	\$ 8,107	\$ 8,736	\$ 12,171	\$ 17,385	\$ 13,716,776
Percentage Uncollected Tax	0.02%	0.02%	0.03%	0.05%	36.74%

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



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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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, 2020, and the related notes to the financial statements, which collectively comprise Otoe County's basic financial statements, and have issued our report thereon dated November 12, 2020. 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.

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. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We consider the following deficiency in the County's internal control to be a significant deficiency:

- 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

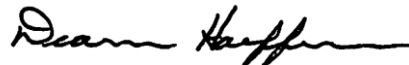
We also noted certain matters that we reported to the management of Otoe County in a separate letter dated November 12, 2020.

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.



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

November 12, 2020



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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November 12, 2020

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, 2020, and have issued our report thereon dated November 12, 2020. 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 SHERIFF

Accounting Procedures

During our audit, we noted the following issues regarding the County Sheriff's accounting procedures:

- As of June 30, 2020, office assets (cash on hand, reconciled bank balance, accounts receivable, etc.) exceeded office liabilities (fees and trust accounts), resulting in an unknown long balance of \$937. This is mainly the result of the County Sheriff not maintaining an accurate and complete listing of accounts receivable and not performing a periodic office asset-to-office liability reconciliation.
- Adequate balancing procedures were also not performed for inmate balances. During the fiscal year, the County Sheriff's office booked an inmate, and \$283 was documented as belonging to that individual. When the inmate was released, only \$183 was counted among his belongings. The County Sheriff paid \$100 out of the office petty cash account to cover the shortage. Subsequent to the release, and after an internal investigation, it was determined that the cash at the time of booking was miscounted and, in fact, \$183 was on hand. The office does not complete periodic reconciliations of inmate cash balances (office asset) to an inmate balance report or other supporting documentation (office liability). Furthermore, the County Sheriff was unable to provide a listing of inmate balances as of June 30, 2020.
- As of June 30, 2020, the fingerprint fee account held \$200 that was not related to fingerprint fees and appears to be a petty cash balance; however, this balance has not been authorized by the County Board or included in the fiscal policy of the annual budget message.

Neb. Rev. Stat. § 23-106(2) (Reissue 2012) states the following:

The county board shall have the authority to establish a petty cash fund for such county for the purpose of making payments for subsidiary general operational expenditures and purchases. 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.

A good internal control plan and sound business practices require procedures to ensure the following: 1) office assets agree with office liabilities for all accounts and balances held, and any variances noted are resolved timely; 2) adequate follow-up procedures are performed to resolve accounts receivable balances; and 3) any balances held as petty cash are authorized by the County Board and included in the fiscal policy of the annual budget message.

Without such procedures, there is an increased risk for not only the loss, theft, or misuse of funds but also noncompliance with State statute. A similar comment was noted in the prior year.

We recommend the County Sheriff implement procedures to ensure the following: 1) office assets agree with office liabilities for all accounts and balances held, and any variances noted are resolved timely; 2) adequate follow-up procedures are performed to resolve accounts receivable balances; and 3) any balances held as petty cash are authorized by the County Board and included in the fiscal policy of the annual budget message.

COUNTY TREASURER

Motor Vehicle Pro-Rate Distribution

We noted that the County Treasurer’s March 2020 distribution of Motor Vehicle Pro-Rate was incorrect. The County General Fund was excluded from the distribution while Tax Increment Financing (TIF) funds were included incorrectly. Consequently, the various political subdivisions did not receive the correct amount of funding, as detailed in the following table:

Fund	Over/(Under) Payment
County General	\$ (10,654)
Nebraska City School District #111	\$ 3,368
Syracuse-Dunbar-Avoca School District #27	\$ 2,629
Palmyra School District #OR1	\$ 1,027
Southeast Community College	\$ 703
Johnson County Central School District #50	\$ 620
Nebraska City	\$ 574
Waverly School District #145	\$ 282
Nemaha NRD	\$ 188
Sterling School District #33	\$ 184
Syracuse	\$ 179
Nebraska City Lodging TIF	\$ 118
ESU 4	\$ 107
Nebraska City Airport Authority	\$ 55
Conestoga School District #56	\$ 55
Elmwood-Murdock School District #97	\$ 45
Ag Society	\$ 44
Nebraska City Senior Patio Homes TIF	\$ 42
Commercial State Bank TIF	\$ 41
Hospital Community Memorial	\$ 38
Unadilla	\$ 33
Palmyra Fire District	\$ 32

Fund	Over/(Under) Payment
Norris School District #160	\$ 29
Fareway Foods TIF	\$ 29
Palmyra	\$ 28
Syracuse Fire District	\$ 19
Johnson-Brock School District #23	\$ 17
Man on a Bike Project TIF	\$ 17
Douglas	\$ 16
Nebraska City Fire District	\$ 15
Lower Platte South NRD	\$ 15
Freeman School District #34	\$ 13
Talmage	\$ 12
Otoe	\$ 10
McNeely Project TIF	\$ 10
Various Subdivisions with Overpayment Less than \$10	\$ 60
Net	\$ 0

Neb. Rev. Stat. § 60-3,202(3) (Supp. 2019) states the following:

Upon receipt of motor vehicle tax funds from the State Treasurer, the county treasurer shall distribute such funds to taxing agencies within the county in the same proportion that the levy of each such taxing agency bears to the total of such levies of all taxing agencies in the county.

Additionally, good internal controls require procedures to ensure that distributions are calculated correctly and in accordance with applicable State statutes.

Without such procedures, there is an increased risk of political subdivisions not receiving an appropriate amount of funding, loss or misuse of funds, and noncompliance with State statute.

We recommend the County Treasurer correct the erroneous distribution. Additionally, we recommend the County Treasurer implement procedures to ensure that future Motor Vehicle Pro-Rate distributions are calculated correctly.

COUNTY BOARD

Lack of Supporting Documentation

During fiscal year 2020, the County made four aid payments, totaling \$35,891; however, no subsequent follow-up was completed by the County to ensure the funds were used appropriately. The following table summarizes these payments:

Name	Amount
Nebraska City Tourism	\$ 22,721
Unadilla Area Fund	\$ 1,670
Friends of Lewis and Clark	\$ 1,500
Syracuse Area Economic Development	\$ 10,000
Total	\$ 35,891

A good internal control plan and sound business practices require procedures to ensure that any grant of public funds is supported by adequate documentation showing that the monies were spent appropriately.

Without such procedures, there is an increased risk of loss or misuse of County funds.

We recommend the County Board implement procedures to ensure any grant of public funds is supported by adequate documentation showing that the monies were spent appropriately.

Duplicate Payments

During our audit, we noted that one claim, totaling \$706, was paid twice. A summary of this duplicate payment is provided in the table below:

Payee	Duplicate Amount	Original Claim		Duplicate Claim	
		Date	Claim #	Date	Claim #
Steven Mercure	\$ 706	9/10/2019	19090035	9/24/2019	19090176

The County was not aware of the duplicate payment until notified by the auditors on September 23, 2020. The County lacked the internal controls necessary to discover the duplicate payment themselves.

Good internal controls and sound business practices require procedures for reviewing all claims prior to approval to ensure they are not duplicate payments.

Without such procedures, there is an increased risk for the loss or misuse of County funds.

We recommend the County Board implement procedures to ensure all claims are reviewed prior to approval to ensure they are not duplicate payments.

COUNTY CHILD SUPPORT ENFORCEMENT

Petty Cash Procedures

During the audit, we noted that the County Child Support Enforcement office failed to perform a reconciliation of the petty cash bank account to the authorized petty cash amount of \$300. As of June 30, 2020, there was an unknown variance of \$151.

A good internal control plan and sound accounting practices require procedures to ensure a periodic reconciliation of petty cash funds to the authorized petty cash amount is performed, and any variances noted are resolved in a timely manner.

Without such procedures, there is an increased risk of loss or misuse of County funds. A similar comment was noted in the prior year audit.

We recommend the County Child Support Enforcement office implement procedures to ensure a periodic reconciliation of petty cash funds to the authorized petty cash amount is performed, and any variances noted are resolved in a timely manner.

COUNTY ATTORNEY

Remittance & Disbursement Timeliness

During our audit, we noted multiple fees and restitution collections, totaling \$1,409, for fiscal year 2020, were not remitted to the County Treasurer or other individuals in a timely manner, as described below.

- Bad check restitution, totaling \$959, ranged from 33 to 69 days from the time of receipt to being disbursed to the individual owed the restitution.
- Bad check fees, totaling \$210, ranged from 40 to 83 days from the time of receipt to being remitted to the County Treasurer.

- Pre-trial diversion fees, totaling \$240, ranged from 33 to 84 days from the time of receipt to being remitted to the County Treasurer.

Neb. Rev. Stat. § 23-1601(1) (Reissue 2012) provides, in relevant part, the following:

It is the duty of the county treasurer to receive all money belonging to the county, from whatsoever source derived and by any method of payment provided by section 77-1702, and all other money which is by law directed to be paid to him or her.

Good internal controls and sound accounting practices require all monies collected by the County Attorney to be either remitted timely to County Treasurer or disbursed timely to the proper recipient(s).

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

We recommend the County Attorney implement procedures to ensure all monies collected are either remitted timely to the County Treasurer or disbursed timely to the proper recipient(s).

COUNTY OVERALL

Segregation of Duties

We noted that the offices of the County each lacked a segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. A lack of segregation of duties increases the risk of possible errors or irregularities; however, due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost. This was also noted in prior audits.

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 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.

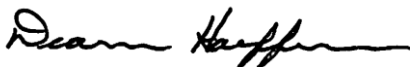
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It should be noted this report is critical in nature, as it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any strong features of the County.

Draft copies of this report were furnished to the County to provide management with an opportunity to review the report and to respond to the comments and recommendations included in this report. The County declined to respond.

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

Sincerely,



Deann Haeffner, CPA
Assistant Deputy Auditor