

**AUDIT REPORT
OF
OTOE COUNTY**

JULY 1, 2020, THROUGH JUNE 30, 2021

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the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original
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Issued on March 10, 2022

OTOE COUNTY

TABLE OF CONTENTS

	<u>Page</u>
List of County Officials	1
Financial Section	
Independent Auditor's Report	2 - 3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position - Cash Basis	4
Statement of Activities - Cash Basis	5
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds	6
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Governmental Funds	7
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Fiduciary Funds	8
Notes to Financial Statements	9 - 17
Combining Statements and Schedules:	
Budgetary Comparison Schedule - Budget and Actual - General Fund	18 - 19
Budgetary Comparison Schedule - Budget and Actual - Major Funds	20 - 21
Budgetary Comparison Schedule - Budget and Actual - Nonmajor Funds	22 - 25
Combining Statement of Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Nonmajor Funds	26 - 29
Schedule of Office Activities	30
Schedule of Taxes Certified and Collected for All Political Subdivisions in the County	31
Schedule of Expenditures of Federal Awards	32
Notes to the Schedule of Expenditures of Federal Awards	33
Government Auditing Standards Section	
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 <i>Government Auditing Standards</i>	34 - 35
Report on Compliance for each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance	36 - 37
Schedule of Findings and Questioned Costs	38 - 40
Auditee Section	
Corrective Action Plan	41

OTOE COUNTY
1021 Central Ave.
Nebraska City, NE 68410

LIST OF COUNTY OFFICIALS
At June 30, 2021

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	Jerad Sornson	Jan. 2023
	James Thurman	Jan. 2023
	James Parsons	Jan. 2025
	Richard Freshman	Jan. 2023
	Dan Crownover	Jan. 2025
Assessor	Christina Smallfoot	Jan. 2023
Attorney	Jenniffer Panko-Rahe	Jan. 2023
Clerk	Jennifer Bassinger	Jan. 2023
Election Commissioner		
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
Planning & Zoning		
Public Defender	Michael Ziskey	Jan. 2023
Veterans' Service Officer	Chad Miller	Appointed
Highway Superintendent	Jonathan Brinkman	Appointed
Emergency Manager	Gregg Goebel	Appointed
Weed Superintendent	John Bebout	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, 2021, 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, 2021, 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, schedule of expenditures of Federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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, schedule of expenditures of Federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and schedule of taxes certified and collected, pages 18-32, 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 February 28, 2022, 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.



Zachary Wells, CPA, CISA
Assistant Deputy Auditor
Lincoln, Nebraska

February 28, 2022

OTOE COUNTY
STATEMENT OF NET POSITION - CASH BASIS
June 30, 2021

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 9,926,003
Investments (Note 1.D)	303,568
TOTAL ASSETS	<u><u>\$ 10,229,571</u></u>
 NET POSITION	
Restricted for:	
Visitor Promotion	\$ 85,615
911 Emergency Services	262,353
Drug Education	7,216
Law Enforcement	824,458
Preservation of Records	29,532
Road and Bridge Projects	1,006,074
Coronavirus Relief and Assistance	1,555,071
Unrestricted	6,459,252
TOTAL NET POSITION	<u><u>\$ 10,229,571</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, 2021

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	\$ (5,850,772)	\$ 696,538	\$ 2,255,744	\$ (2,898,490)
Public Safety	(3,067,183)	375,336	915,879	(1,775,968)
Public Works	(4,324,539)	29,224	3,162,079	(1,133,236)
Public Assistance	(112,194)	-	-	(112,194)
Culture and Recreation	(109,749)	-	-	(109,749)
Debt Payments	(4,301,538)	-	-	(4,301,538)
Total Governmental Activities	<u>\$ (17,765,975)</u>	<u>\$ 1,101,098</u>	<u>\$ 6,333,702</u>	<u>(10,331,175)</u>

General Receipts:

Taxes	9,079,112
Grants and Contributions Not Restricted to Specific Programs	1,295,811
Investment Income	36,017
Licenses and Permits	124,202
Bond Refinance	3,720,230
Miscellaneous	197,700
Total General Receipts	<u>14,453,072</u>
Increase in Net Position	4,121,897
Net Position - Beginning of year	6,107,674
Net Position - End of year	<u>\$ 10,229,571</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, 2021

	General Fund	Road Fund	Inheritance Fund	COVID American Rescue Plan Fund	Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents (Note 1.D)	\$ 1,833,046	\$ 729,053	\$ 2,863,518	\$ 1,555,071	\$ 2,945,315	\$ 9,926,003
Investments (Note 1.D)	-	-	303,568	-	-	303,568
TOTAL ASSETS	<u>\$ 1,833,046</u>	<u>\$ 729,053</u>	<u>\$ 3,167,086</u>	<u>\$ 1,555,071</u>	<u>\$ 2,945,315</u>	<u>\$ 10,229,571</u>
FUND BALANCES						
Restricted for:						
Visitor Promotion	-	-	-	-	85,615	85,615
911 Emergency Services	-	-	-	-	262,353	262,353
Drug Education	-	-	-	-	7,216	7,216
Law Enforcement	-	-	-	-	824,458	824,458
Preservation of Records	-	-	-	-	29,532	29,532
Road and Bridge Projects	-	-	-	-	1,006,074	1,006,074
Coronavirus Relief and Assistance	-	-	-	1,555,071	-	1,555,071
Committed to:						
Law Enforcement	-	-	-	-	20,884	20,884
Road Maintenance	-	729,053	-	-	195,694	924,747
County Buildings	-	-	-	-	239,339	239,339
Aid and Assistance	-	-	-	-	11,085	11,085
Community Betterment	-	-	-	-	152,819	152,819
Landfill Closures	-	-	-	-	110,246	110,246
Assigned to:						
Other Purposes	-	-	3,167,086	-	-	3,167,086
Unassigned	1,833,046	-	-	-	-	1,833,046
TOTAL CASH BASIS FUND BALANCES	<u>\$ 1,833,046</u>	<u>\$ 729,053</u>	<u>\$ 3,167,086</u>	<u>\$ 1,555,071</u>	<u>\$ 2,945,315</u>	<u>\$ 10,229,571</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, 2021

	General Fund	Road Fund	Inheritance Fund	COVID American Rescue Plan Fund	Nonmajor Funds	Total Governmental Funds
RECEIPTS						
Taxes	\$ 8,317,959	\$ -	\$ 522,836	\$ -	\$ 238,317	\$ 9,079,112
Licenses and Permits	117,377	6,825	-	-	-	124,202
Investment Income	35,454	-	-	-	563	36,017
Intergovernmental	1,033,957	3,162,649	560,089	1,555,071	1,317,747	7,629,513
Charges for Services	1,046,888	29,224	-	-	24,986	1,101,098
Miscellaneous	6,519	38,139	84,244	-	68,798	197,700
TOTAL RECEIPTS	<u>10,558,154</u>	<u>3,236,837</u>	<u>1,167,169</u>	<u>1,555,071</u>	<u>1,650,411</u>	<u>18,167,642</u>
DISBURSEMENTS						
General Government	4,727,323	-	899,854	-	223,595	5,850,772
Public Safety	3,005,764	-	-	-	61,419	3,067,183
Public Works	48,251	4,229,268	-	-	47,020	4,324,539
Public Assistance	111,821	-	-	-	373	112,194
Culture and Recreation	5,581	-	-	-	104,168	109,749
Debt Service:						
Principal Payments	-	1,525,000	2,695,000	-	-	4,220,000
Interest and Fiscal Charges	-	81,538	-	-	-	81,538
TOTAL DISBURSEMENTS	<u>7,898,740</u>	<u>5,835,806</u>	<u>3,594,854</u>	<u>-</u>	<u>436,575</u>	<u>17,765,975</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>2,659,414</u>	<u>(2,598,969)</u>	<u>(2,427,685)</u>	<u>1,555,071</u>	<u>1,213,836</u>	<u>401,667</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	19,894	2,264,442	-	-	336,715	2,621,051
Transfers out	(2,364,442)	-	(195,694)	-	(60,915)	(2,621,051)
Bond Refinance	-	1,025,000	2,695,230	-	-	3,720,230
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,344,548)</u>	<u>3,289,442</u>	<u>2,499,536</u>	<u>-</u>	<u>275,800</u>	<u>3,720,230</u>
Net Change in Fund Balances	314,866	690,473	71,851	1,555,071	1,489,636	4,121,897
CASH BASIS FUND BALANCES - BEGINNING	<u>1,518,180</u>	<u>38,580</u>	<u>3,095,235</u>	<u>-</u>	<u>1,455,679</u>	<u>6,107,674</u>
CASH BASIS FUND BALANCES - ENDING	<u>\$ 1,833,046</u>	<u>\$ 729,053</u>	<u>\$ 3,167,086</u>	<u>\$ 1,555,071</u>	<u>\$ 2,945,315</u>	<u>\$ 10,229,571</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**
FIDUCIARY FUNDS
For the Year Ended June 30, 2021

	Custodial Fund Balances July 1, 2020 (as restated)	Receipts	Disbursements	Custodial Fund Balances June 30, 2021
ASSETS				
Cash and Cash Equivalents	\$ 2,063,758	\$42,779,877	\$ 42,776,970	\$ 2,066,665
LIABILITIES				
Due to other governments				
State - Collected by County Treasurer	426,747	4,970,158	4,945,164	451,741
State - Collected by Other Offices	11,580	238,850	221,831	28,599
Schools	1,121,268	28,946,827	28,984,028	1,084,067
Educational Service Units	5,028	361,723	363,314	3,437
Technical College	31,341	2,255,901	2,265,786	21,456
Natural Resource Districts	9,002	647,296	650,200	6,098
Fire Districts	3,465	351,684	352,799	2,350
Municipalities	126,010	3,305,358	3,350,390	80,978
Agricultural Society	1,969	142,566	143,171	1,364
Airport Authority	4,448	160,244	161,918	2,774
Water District	-	3,407	3,407	-
Sanitary and Improvement Districts	45,897	121,055	60,445	106,507
Hospital	1,389	121,186	121,719	856
Others - Collected by County Treasurer	219,849	436,941	495,726	161,064
Others - Collected by Other Offices	55,765	716,681	657,072	115,374
TOTAL LIABILITIES	<u>2,063,758</u>	<u>42,779,877</u>	<u>42,776,970</u>	<u>2,066,665</u>
TOTAL NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<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, 2021

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 \$59,877 toward the operation of the Region during fiscal year 2021. 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 2021. 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. 2021). Financial information for the Department is available in that report.

Southeast Region 911 Communication Services (911 Region) – The County has entered into an agreement with the governing boards of the 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, Jefferson County, Johnson County, Pawnee County, Nemaha County, Nuckolls 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 \$5,486 toward the operation of the 911 Region during fiscal year 2021. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. Nemaha County was named the fiscal agent for 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. During the fiscal year, the County also received proceeds from refinancing bonds in the Inheritance Fund and used those proceeds to pay off outstanding bonds.

COVID American Rescue Plan Fund. This fund is used to account for aid received from the American Rescue Plan Act and is used for coronavirus aid and assistance in accordance with Federal guidelines.

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.

Custodial 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.

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, certificates of deposits, 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 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.

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Concluded)

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 \$3,770,319 of restricted net position, which is fully 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 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 \$9,926,003 for County funds and \$2,066,665 for Fiduciary funds. The bank balances for all funds totaled \$12,181,215. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2021, were either entirely insured or collateralized with securities held by the County's agent in the County's name. The County did not have sufficient collateral securities to protect deposits at all times during the fiscal year.

The County's carrying value of investments is stated at cost, which approximates market. Investments consisted of \$303,568 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.

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. 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.

The levy set in October 2020, for the 2020 taxes, which will be materially collected in May and September 2021, was set at \$.336047/\$100 of assessed valuation. The levy set in October 2019, for the 2019 taxes, which were materially collected in May and September 2020, was set at \$.339172/\$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.

The tax receipts classification also contains collections from the assessment of inheritance taxes, 911 surcharges, and lodging taxes.

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. 2020) 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.

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. Retirement System (Concluded)

For the year ended June 30, 2021, 129 employees contributed \$236,811, and the County contributed \$349,938. Contributions included \$10,699 in cash contributions towards the supplemental law enforcement plan for 18 law enforcement employees. Lastly, the County paid \$2,272 directly to 22 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 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, 2021.

6. Interfund Transfers

Interfund transfers for the year ended June 30, 2021, consisted of the following:

Transfers to	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
General Fund	\$ -	\$ -	\$ 19,894	\$ 19,894
Road Fund	2,264,442	-	-	2,264,442
Nonmajor Funds	100,000	195,694	41,021	336,715
Total	\$ 2,364,442	\$ 195,694	\$ 60,915	\$ 2,621,051

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

In the year ended June 30, 2021, the County transferred \$19,894 from the 911 Wireless Service Fund to the General Fund to reimburse wages for dispatchers originally paid out of the General Fund. Further, the County transferred \$41,021 from the 911 Wireless Service Fund to the 911 Wireless Service Holding Fund to set aside 911 funds during the fiscal year.

7. Long-Term Obligations

Capital Leases

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

	Motor Graders	Caterpillar Bulldozer	Motorola 911 Communication Equipment	Total
Balance July 1, 2020	\$ 81,045	\$ 59,734	\$ 1,155,929	\$ 1,296,708
Purchases	237,812	-	-	237,812
Payments	32,055	59,734	143,836	235,625
Balance June 30, 2021	\$ 286,802	\$ -	\$ 1,012,093	\$ 1,298,895

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

7. Long-Term Obligations (Concluded)

	Motor Graders	Caterpillar Bulldozer	Motorola 911 Communication Equipment	Total
Future Payments:				
Year				
2022	\$ 113,330	\$ -	\$ 166,983	\$ 280,313
2023	96,755	-	166,983	263,738
2024	80,180	-	166,983	247,163
2025	-	-	166,983	166,983
2026	-	-	166,983	166,983
2027-2031	-	-	250,475	250,475
Total Payments	290,265	-	1,085,390	1,375,655
Less Interest	3,463	-	73,297	76,760
Present Value of Future Minimum Lease Payments	\$ 286,802	\$ -	\$ 1,012,093	\$ 1,298,895
Carrying Value of the Related Fixed Asset	\$ 423,468	\$ 285,356	\$ 1,584,274	\$ 2,293,098

Bonds

The County issued bonds in 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 and 2021, these bonds were refinanced in the amounts of \$1,885,000 and \$810,000, respectively. The bond payable balance, as of June 30, 2021, was \$620,000. 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
2022	\$ 205,000	\$ 3,413	\$ 208,413
2023	205,000	2,387	207,387
2024	210,000	1,260	211,260
Total Payments	\$ 620,000	\$ 7,060	\$ 627,060

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 fiscal year 2017 and 2021, these bonds were refinanced in the amounts of \$4,455,000 and \$2,980,000, respectively. The bond payable balance, as of June 30, 2021, was 2,980,000. 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
2022	\$ 360,000	\$ 19,123	\$ 379,123
2023	370,000	18,222	388,222
2024	365,000	17,113	382,113
2025	595,000	15,652	610,652
2026	415,000	12,380	427,380
2027-2031	875,000	30,910	905,910
Total Payments	\$ 2,980,000	\$ 113,400	\$ 3,093,400

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Concluded)

8. Contingent Liabilities

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

9. Prior Period Adjustment

The beginning balances were increased by \$67,345 on the Fiduciary Fund Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances from the balances reported in the County's fiscal year 2020 financial statements. These adjustments were made to report the monies held by County officials other than the County Treasurer.

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 8,730,918	\$ 8,730,918	\$ 8,317,959	\$ (412,959)
Licenses and Permits	76,250	76,250	117,377	41,127
Investment Income	60,000	60,000	35,454	(24,546)
Intergovernmental	295,199	295,199	1,033,957	738,758
Charges for Services	902,584	902,584	1,046,888	144,304
Miscellaneous	-	-	6,519	6,519
TOTAL RECEIPTS	10,064,951	10,064,951	10,558,154	493,203
DISBURSEMENTS				
General Government:				
County Board	150,700	150,700	148,687	2,013
County Clerk	160,050	160,050	157,400	2,650
County Treasurer	289,551	289,551	273,624	15,927
Register of Deeds	151,816	151,816	151,069	747
County Assessor	251,868	251,868	249,027	2,841
Election Commissioner	70,660	70,660	57,373	13,287
Building and Zoning	42,526	42,526	34,312	8,214
Data Processing Department	472,840	472,840	450,774	22,066
Clerk of the District Court	120,656	120,656	120,496	160
County Court System	7,150	7,150	5,895	1,255
Public Defender	172,123	172,123	169,846	2,277
Building and Grounds	257,500	257,500	249,593	7,907
Agricultural Extension Agent	99,408	99,408	83,104	16,304
Coroner	34,100	34,100	29,009	5,091
Child Support	62,953	62,953	43,585	19,368
Miscellaneous	2,805,982	2,805,982	2,503,529	302,453
Public Safety				
County Sheriff	1,367,300	1,367,300	1,259,176	108,124
County Attorney	329,602	329,602	310,227	19,375
Diversion/Services Program	125,000	125,000	90,717	34,283
County Jail	1,178,100	1,178,100	993,647	184,453
Nuclear Accident-Emergency	64,789	64,789	60,362	4,427
Traffic & Seatbelt Grant	22,000	22,000	10,602	11,398
Civil Defense	116,164	116,164	90,989	25,175
Safety Committee	18,000	18,000	7,952	10,048
911 Services	222,700	222,700	182,092	40,608
Emergency Equipment	30,000	30,000	-	30,000
Public Works				
County Surveyor	58,335	58,335	48,251	10,084

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DISBURSEMENTS (Continued)				
Public Assistance				
County Relief	8,400	8,400	4,400	4,000
Veterans' Aid	3,000	3,000	1,384	1,616
Veterans' Service Officer	69,750	69,750	64,481	5,269
Welfare Ass't Admin	49,700	49,700	41,556	8,144
Culture and Recreation				
County Museum	5,965	5,965	5,581	384
TOTAL DISBURSEMENTS	8,818,688	8,818,688	7,898,740	919,948
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	1,246,263	1,246,263	2,659,414	1,413,151
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	19,894	19,894
Transfers out	(2,264,442)	(2,264,442)	(2,364,442)	(100,000)
TOTAL OTHER FINANCING SOURCES (USES)	(2,264,442)	(2,264,442)	(2,344,548)	(80,106)
Net Change in Fund Balance	(1,018,179)	(1,018,179)	314,866	1,333,045
FUND BALANCE - BEGINNING	1,518,179	1,518,179	1,518,180	1
FUND BALANCE - ENDING	\$ 500,000	\$ 500,000	\$ 1,833,046	\$ 1,333,046

(Concluded)

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Licenses and Permits	\$ 2,000	\$ 2,000	\$ 6,825	\$ 4,825
Intergovernmental	2,493,991	2,493,991	3,162,649	668,658
Charges for Services	1,172,513	1,172,513	29,224	(1,143,289)
Miscellaneous	45,000	45,000	38,139	(6,861)
TOTAL RECEIPTS	3,713,504	3,713,504	3,236,837	(476,667)
DISBURSEMENTS	6,016,526	6,016,526	5,835,806	180,720
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(2,303,022)	(2,303,022)	(2,598,969)	(295,947)
OTHER FINANCING SOURCES (USES)				
Transfers in	2,264,442	2,264,442	2,264,442	-
Transfers out	-	-	-	-
Bond Refinance	-	-	1,025,000	1,025,000
TOTAL OTHER FINANCING SOURCES (USES)	2,264,442	2,264,442	3,289,442	1,025,000
Net Change in Fund Balance	(38,580)	(38,580)	690,473	729,053
FUND BALANCE - BEGINNING	38,580	38,580	38,580	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 729,053	\$ 729,053
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 500,000	\$ 500,000	\$ 522,836	\$ 22,836
Intergovernmental	-	-	560,089	560,089
Miscellaneous	-	-	84,244	84,244
TOTAL RECEIPTS	500,000	500,000	1,167,169	667,169
DISBURSEMENTS	3,595,235	3,595,235	3,594,854	381
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(3,095,235)	(3,095,235)	(2,427,685)	667,550
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(195,694)	(195,694)
Bond Refinance	-	-	2,695,230	2,695,230
TOTAL OTHER FINANCING SOURCES (USES)	-	-	2,499,536	2,499,536
Net Change in Fund Balance	(3,095,235)	(3,095,235)	71,851	3,167,086
FUND BALANCE - BEGINNING	3,095,235	3,095,235	3,095,235	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 3,167,086	\$ 3,167,086

(Continued)

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>COVID AMERICAN RESCUE PLAN FUND</u>				
RECEIPTS				
Intergovernmental	\$ -	\$ -	\$ 1,555,071	\$ 1,555,071
TOTAL RECEIPTS	-	-	1,555,071	1,555,071
DISBURSEMENTS	-	-	-	-
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	-	-	1,555,071	1,555,071
Net Change in Fund Balance	-	-	1,555,071	1,555,071
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 1,555,071	\$ 1,555,071

(Concluded)

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
HIGHWAY BRIDGE BUYBACK PROGRAM				
FUND				
Receipts	\$ 513,301	\$ 513,301	\$ 519,751	\$ 6,450
Disbursements	(1,046,644)	(1,046,644)	(47,020)	999,624
Net Change in Fund Balance	(533,343)	(533,343)	472,731	1,006,074
Fund Balance - Beginning	533,343	533,343	533,343	-
Fund Balance - Ending	\$ -	\$ -	\$ 1,006,074	\$ 1,006,074
SPECIAL ROAD FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(195,694)	(195,694)	-	195,694
Transfers in	195,694	195,694	195,694	-
Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	195,694	195,694
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ 195,694	\$ 195,694
VISITORS PROMOTION FUND				
Receipts	\$ 57,570	\$ 57,570	\$ 117,353	\$ 59,783
Disbursements	(130,000)	(130,000)	(104,168)	25,832
Net Change in Fund Balance	(72,430)	(72,430)	13,185	85,615
Fund Balance - Beginning	72,430	72,430	72,430	-
Fund Balance - Ending	\$ -	\$ -	\$ 85,615	\$ 85,615
PRESERVATION & MODERNIZATION				
FUND				
Receipts	\$ 11,000	\$ 11,000	\$ 16,336	\$ 5,336
Disbursements	(31,067)	(31,067)	(6,871)	24,196
Net Change in Fund Balance	(20,067)	(20,067)	9,465	29,532
Fund Balance - Beginning	20,067	20,067	20,067	-
Fund Balance - Ending	\$ -	\$ -	\$ 29,532	\$ 29,532
VETERANS' AID FUND				
Receipts	\$ -	\$ -	\$ 4,777	\$ 4,777
Disbursements	(6,681)	(6,681)	(373)	6,308
Net Change in Fund Balance	(6,681)	(6,681)	4,404	11,085
Fund Balance - Beginning	6,681	6,681	6,681	-
Fund Balance - Ending	\$ -	\$ -	\$ 11,085	\$ 11,085

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
STOP PROGRAM FUND				
Receipts	\$ 10,000	\$ 10,000	\$ 8,650	\$ (1,350)
Disbursements	(16,931)	(16,931)	(829)	16,102
Net Change in Fund Balance	(6,931)	(6,931)	7,821	14,752
Fund Balance - Beginning	6,931	6,931	6,931	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,752</u>	<u>\$ 14,752</u>
DRUG LAW ENFORCEMENT AND EDUCATION FUND				
Receipts	\$ 22,545	\$ 22,545	\$ 4,761	\$ (17,784)
Disbursements	(25,000)	(25,000)	-	25,000
Net Change in Fund Balance	(2,455)	(2,455)	4,761	7,216
Fund Balance - Beginning	2,455	2,455	2,455	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,216</u>	<u>\$ 7,216</u>
FEDERAL DRUG LAW ENFORCEMENT FUND				
Receipts	\$ 100,000	\$ 100,000	\$ 793,246	\$ 693,246
Disbursements	(128,548)	(128,548)	(1,627)	126,921
Net Change in Fund Balance	(28,548)	(28,548)	791,619	820,167
Fund Balance - Beginning	28,548	28,548	28,548	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 820,167</u>	<u>\$ 820,167</u>
LOCAL GRANTS - SHERIFF FUND				
Receipts	\$ 10,000	\$ 10,000	\$ 350	\$ (9,650)
Disbursements	(18,184)	(18,184)	(2,402)	15,782
Net Change in Fund Balance	(8,184)	(8,184)	(2,052)	6,132
Fund Balance - Beginning	8,184	8,184	8,184	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,132</u>	<u>\$ 6,132</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>

(Continued)

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
KENO LOTTERY FUND				
Receipts	\$ 24,000	\$ 24,000	\$ 62,043	\$ 38,043
Disbursements	(224,750)	(224,750)	(109,974)	114,776
Net Change in Fund Balance	(200,750)	(200,750)	(47,931)	152,819
Fund Balance - Beginning	200,750	200,750	200,750	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,819</u>	<u>\$ 152,819</u>
911 EMERGENCY MANAGEMENT FUND				
Receipts	\$ 59,000	\$ 59,000	\$ 60,049	\$ 1,049
Disbursements	(61,820)	(61,820)	(56,561)	5,259
Net Change in Fund Balance	(2,820)	(2,820)	3,488	6,308
Fund Balance - Beginning	2,820	2,820	2,820	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,308</u>	<u>\$ 6,308</u>
911 WIRELESS SERVICE FUND				
Receipts	\$ 60,915	\$ 60,915	\$ 60,915	\$ -
Disbursements	(41,000)	(41,000)	-	41,000
Transfers in	-	-	-	-
Transfers out	(19,915)	(19,915)	(60,915)	(41,000)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
911 WIRELESS SERVICE HOLDING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(234,939)	(234,939)	-	234,939
Transfers in	19,915	19,915	41,021	21,106
Transfers out	-	-	-	-
Net Change in Fund Balance	(215,024)	(215,024)	41,021	256,045
Fund Balance - Beginning	215,024	215,024	215,024	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 256,045</u>	<u>\$ 256,045</u>

(Continued)

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
COUNTY BUILDINGS MAINTENANCE FUND				
Receipts	\$ -	\$ -	\$ 2,180	\$ 2,180
Disbursements	(338,161)	(338,161)	(99,922)	238,239
Transfers in	100,000	100,000	98,920	(1,080)
Transfers out	-	-	-	-
Net Change in Fund Balance	(238,161)	(238,161)	1,178	239,339
Fund Balance - Beginning	238,161	238,161	238,161	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 239,339</u>	<u>\$ 239,339</u>
COUNTY LANDFILL FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(115,994)	(115,994)	(6,828)	109,166
Transfers in	-	-	1,080	1,080
Transfers out	-	-	-	-
Net Change in Fund Balance	(115,994)	(115,994)	(5,748)	110,246
Fund Balance - Beginning	115,994	115,994	115,994	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,246</u>	<u>\$ 110,246</u>

(Concluded)

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

For the Year Ended June 30, 2021

	Highway Bridge Buyback Program Fund	Special Road Fund	Visitors Promotion Fund	Preservation & Modernization Fund
RECEIPTS				
Taxes	\$ -	\$ -	\$ 117,353	\$ -
Investment Income	-	-	-	-
Intergovernmental	519,751	-	-	-
Charges for Services	-	-	-	16,336
Miscellaneous	-	-	-	-
TOTAL RECEIPTS	519,751	-	117,353	16,336
DISBURSEMENTS				
General Government	-	-	-	6,871
Public Safety	-	-	-	-
Public Works	47,020	-	-	-
Public Assistance	-	-	-	-
Culture and Recreation	-	-	104,168	-
TOTAL DISBURSEMENTS	47,020	-	104,168	6,871
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	472,731	-	13,185	9,465
OTHER FINANCING SOURCES (USES)				
Transfers in	-	195,694	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	195,694	-	-
Net Change in Fund Balances	472,731	195,694	13,185	9,465
FUND BALANCES - BEGINNING	533,343	-	72,430	20,067
FUND BALANCES - ENDING	\$ 1,006,074	\$ 195,694	\$ 85,615	\$ 29,532
FUND BALANCES:				
Restricted for:				
Visitor Promotion	-	-	85,615	-
911 Emergency Services	-	-	-	-
Drug Education	-	-	-	-
Law Enforcement	-	-	-	-
Preservation of Records	-	-	-	29,532
Road and Bridge Projects	1,006,074	-	-	-
Committed to:				
Law Enforcement	-	-	-	-
Road Maintenance	-	195,694	-	-
County Buildings	-	-	-	-
Aid and Assistance	-	-	-	-
Community Betterment	-	-	-	-
Landfill Closures	-	-	-	-
TOTAL FUND BALANCES	\$ 1,006,074	\$ 195,694	\$ 85,615	\$ 29,532

(Continued)

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

For the Year Ended June 30, 2021

	Veterans' Aid Fund	STOP Program Fund	Drug Law Enforcement and Education Fund	Federal Drug Law Enforcement Fund
RECEIPTS				
Taxes	\$ -	\$ -	\$ -	\$ -
Investment Income	-	-	11	-
Intergovernmental	-	-	4,750	793,246
Charges for Services	-	8,650	-	-
Miscellaneous	4,777	-	-	-
TOTAL RECEIPTS	<u>4,777</u>	<u>8,650</u>	<u>4,761</u>	<u>793,246</u>
DISBURSEMENTS				
General Government	-	-	-	-
Public Safety	-	829	-	1,627
Public Works	-	-	-	-
Public Assistance	373	-	-	-
Culture and Recreation	-	-	-	-
TOTAL DISBURSEMENTS	<u>373</u>	<u>829</u>	<u>-</u>	<u>1,627</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>4,404</u>	<u>7,821</u>	<u>4,761</u>	<u>791,619</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	4,404	7,821	4,761	791,619
FUND BALANCES - BEGINNING	<u>6,681</u>	<u>6,931</u>	<u>2,455</u>	<u>28,548</u>
FUND BALANCES - ENDING	<u>\$ 11,085</u>	<u>\$ 14,752</u>	<u>\$ 7,216</u>	<u>\$ 820,167</u>
FUND BALANCES:				
Restricted for:				
Visitor Promotion	-	-	-	-
911 Emergency Services	-	-	-	-
Drug Education	-	-	7,216	-
Law Enforcement	-	-	-	820,167
Preservation of Records	-	-	-	-
Road and Bridge Projects	-	-	-	-
Committed to:				
Law Enforcement	-	14,752	-	-
Road Maintenance	-	-	-	-
County Buildings	-	-	-	-
Aid and Assistance	11,085	-	-	-
Community Betterment	-	-	-	-
Landfill Closures	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 11,085</u>	<u>\$ 14,752</u>	<u>\$ 7,216</u>	<u>\$ 820,167</u>

(Continued)

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

For the Year Ended June 30, 2021

	Local Grants - Sheriff Fund	Federal Grant Sheriff Fund	Keno Lottery Fund	911 Emergency Management Fund	911 Wireless Service Fund
RECEIPTS					
Taxes	\$ -	\$ -	\$ -	\$ 60,049	\$ 60,915
Investment Income	-	-	552	-	-
Intergovernmental	-	-	-	-	-
Charges for Services	-	-	-	-	-
Miscellaneous	350	-	61,491	-	-
TOTAL RECEIPTS	<u>350</u>	<u>-</u>	<u>62,043</u>	<u>60,049</u>	<u>60,915</u>
DISBURSEMENTS					
General Government	-	-	109,974	-	-
Public Safety	2,402	-	-	56,561	-
Public Works	-	-	-	-	-
Public Assistance	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>2,402</u>	<u>-</u>	<u>109,974</u>	<u>56,561</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(2,052)</u>	<u>-</u>	<u>(47,931)</u>	<u>3,488</u>	<u>60,915</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(60,915)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(60,915)</u>
Net Change in Fund Balances	(2,052)	-	(47,931)	3,488	-
FUND BALANCES - BEGINNING	<u>8,184</u>	<u>4,291</u>	<u>200,750</u>	<u>2,820</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 6,132</u>	<u>\$ 4,291</u>	<u>\$ 152,819</u>	<u>\$ 6,308</u>	<u>\$ -</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	-	-	-	6,308	-
Drug Education	-	-	-	-	-
Law Enforcement	-	4,291	-	-	-
Preservation of Records	-	-	-	-	-
Road and Bridge Projects	-	-	-	-	-
Committed to:					
Law Enforcement	6,132	-	-	-	-
Road Maintenance	-	-	-	-	-
County Buildings	-	-	-	-	-
Aid and Assistance	-	-	-	-	-
Community Betterment	-	-	152,819	-	-
Landfill Closures	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 6,132</u>	<u>\$ 4,291</u>	<u>\$ 152,819</u>	<u>\$ 6,308</u>	<u>\$ -</u>

(Continued)

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

For the Year Ended June 30, 2021

	911 Wireless Service Holding Fund	County Buildings Maintenance Fund	County Landfill Fund	Total Nonmajor Funds
RECEIPTS				
Taxes	\$ -	\$ -	\$ -	\$ 238,317
Investment Income	-	-	-	563
Intergovernmental	-	-	-	1,317,747
Charges for Services	-	-	-	24,986
Miscellaneous	-	2,180	-	68,798
TOTAL RECEIPTS	<u>-</u>	<u>2,180</u>	<u>-</u>	<u>1,650,411</u>
DISBURSEMENTS				
General Government	-	99,922	6,828	223,595
Public Safety	-	-	-	61,419
Public Works	-	-	-	47,020
Public Assistance	-	-	-	373
Culture and Recreation	-	-	-	104,168
TOTAL DISBURSEMENTS	<u>-</u>	<u>99,922</u>	<u>6,828</u>	<u>436,575</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>-</u>	<u>(97,742)</u>	<u>(6,828)</u>	<u>1,213,836</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	41,021	98,920	1,080	336,715
Transfers out	-	-	-	(60,915)
TOTAL OTHER FINANCING SOURCES (USES)	<u>41,021</u>	<u>98,920</u>	<u>1,080</u>	<u>275,800</u>
Net Change in Fund Balances	41,021	1,178	(5,748)	1,489,636
FUND BALANCES - BEGINNING	<u>215,024</u>	<u>238,161</u>	<u>115,994</u>	<u>1,455,679</u>
FUND BALANCES - ENDING	<u>\$ 256,045</u>	<u>\$ 239,339</u>	<u>\$ 110,246</u>	<u>\$ 2,945,315</u>
FUND BALANCES:				
Restricted for:				
Visitor Promotion	-	-	-	85,615
911 Emergency Services	256,045	-	-	262,353
Drug Education	-	-	-	7,216
Law Enforcement	-	-	-	824,458
Preservation of Records	-	-	-	29,532
Road and Bridge Projects	-	-	-	1,006,074
Committed to:				
Law Enforcement	-	-	-	20,884
Road Maintenance	-	-	-	195,694
County Buildings	-	239,339	-	239,339
Aid and Assistance	-	-	-	11,085
Community Betterment	-	-	-	152,819
Landfill Closures	-	-	110,246	110,246
TOTAL FUND BALANCES	<u>\$ 256,045</u>	<u>\$ 239,339</u>	<u>\$ 110,246</u>	<u>\$ 2,945,315</u>

(Concluded)

OTOE COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2021

	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, 2020	\$ 1,218	\$ 21,810	\$ 60,890	\$ 8,657	\$ 748	\$ 300	\$ 2,702	\$ 275	\$ 96,600
RECEIPTS									
Licenses and Permits	2,010	-	-	1,175	-	-	-	-	3,185
Charges for Services	1,466	170,739	34,643	47,265	1,420	-	-	-	255,533
Miscellaneous	1,464	-	-	246	515	602	46,461	610	49,898
State Fees	-	186,366	34,935	-	-	-	17,549	-	238,850
Other Liabilities	-	-	492,885	218,371	5,425	-	-	-	716,681
TOTAL RECEIPTS	4,940	357,105	562,463	267,057	7,360	602	64,010	610	1,264,147
DISBURSEMENTS									
Payments to County Treasurer	3,669	166,602	35,428	48,311	1,390	-	44,688	-	300,088
Payments to State Treasurer	-	170,749	34,279	-	-	-	16,803	-	221,831
Petty Cash	1,464	-	-	103	425	602	-	610	3,204
Other Liabilities	-	-	433,399	218,334	5,339	-	-	-	657,072
TOTAL DISBURSEMENTS	5,133	337,351	503,106	266,748	7,154	602	61,491	610	1,182,195
BALANCES JUNE 30, 2021	\$ 1,025	\$ 41,564	\$ 120,247	\$ 8,966	\$ 954	\$ 300	\$ 5,221	\$ 275	\$ 178,552
BALANCES CONSIST OF:									
Due to County Treasurer	\$ 25	\$ 17,028	\$ 2,448	\$ 7,729	\$ 120	\$ -	\$ 3,804	\$ -	\$ 31,154
Petty Cash	1,000	50	100	1,200	500	300	-	275	3,425
Due to State Treasurer	-	24,486	2,696	-	-	-	1,417	-	28,599
Due to Others	-	-	115,003	37	334	-	-	-	115,374
BALANCES JUNE 30, 2021	\$ 1,025	\$ 41,564	\$ 120,247	\$ 8,966	\$ 954	\$ 300	\$ 5,221	\$ 275	\$ 178,552

OTOE COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2021

Item	2016	2017	2018	2019	2020
Tax Certified by Assessor					
Real Estate	\$ 33,084,243	\$ 33,620,043	\$ 34,098,917	\$ 34,982,243	\$ 35,255,640
Personal and Specials	2,211,252	2,202,226	2,234,395	2,341,687	2,759,026
Total	<u>35,295,495</u>	<u>35,822,269</u>	<u>36,333,312</u>	<u>37,323,930</u>	<u>38,014,666</u>
Corrections					
Additions	6,989	7,514	12,751	22,910	4,040
Deductions	<u>(14,919)</u>	<u>(23,345)</u>	<u>(28,629)</u>	<u>(9,649)</u>	<u>(3,624)</u>
Net Additions/ (Deductions)	<u>(7,930)</u>	<u>(15,831)</u>	<u>(15,878)</u>	<u>13,261</u>	<u>416</u>
Corrected Certified Tax	<u>35,287,565</u>	<u>35,806,438</u>	<u>36,317,434</u>	<u>37,337,191</u>	<u>38,015,082</u>
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2017	22,451,303	-	-	-	-
June 30, 2018	12,815,746	23,107,316	-	-	-
June 30, 2019	10,437	12,691,547	23,092,967	-	-
June 30, 2020	2,527	(6,467)	13,204,319	23,618,145	-
June 30, 2021	<u>2,332</u>	<u>7,279</u>	<u>10,114</u>	<u>13,709,086</u>	<u>24,683,106</u>
Total Net Collections	<u>35,282,345</u>	<u>35,799,675</u>	<u>36,307,400</u>	<u>37,327,231</u>	<u>24,683,106</u>
 Total Uncollected Tax	<u>\$ 5,220</u>	<u>\$ 6,763</u>	<u>\$ 10,034</u>	<u>\$ 9,960</u>	<u>\$ 13,331,976</u>
 Percentage Uncollected Tax	<u>0.01%</u>	<u>0.02%</u>	<u>0.03%</u>	<u>0.03%</u>	<u>35.07%</u>

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

OTOE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Entity Identifying Number	Total Federal Expenditures
DEPARTMENT OF AGRICULTURE			
Emergency Watershed Protection Program	10.923	not applicable	* \$ 243,825
Total U.S. Department of Agriculture			<u>243,825</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Nebraska Department of Health and Human Services			
Child Support Enforcement	93.563	51430 Y3, 51485 Y3	93,269
Total U.S. Department of Health and Human Services			<u>93,269</u>
DEPARTMENT OF HOMELAND SECURITY			
Passed through Nebraska Military Department			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	131-99131-00	586,983
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	131-UGZ9H-00	12,661
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)			<u>599,644</u>
Emergency Management Performance Grants	97.042	21-SR 8742-01	52,000
Total U.S. Department of Homeland Security			<u>651,644</u>
DEPARTMENT OF THE INTERIOR			
Payment in Lieu of Taxes	15.226	not applicable	10,252
Total U.S. Department of the Interior			<u>10,252</u>
DEPARTMENT OF TRANSPORTATION			
Passed through Nebraska Department of Transportation			
State and Community Highway Safety	20.600	4021-21-12-24, 402-21-05-31, 402-21-05-77	10,559
Total U.S. Department of Transportation			<u>10,559</u>
DEPARTMENT OF THE TREASURY			
Equitable Sharing Program	21.016	not applicable	1,627
Passed through Nebraska Military Department			
Coronavirus Relief Fund	21.019	unavailable	* 560,089
Total U.S. Department of the Treasury			<u>561,716</u>
US ELECTION ASSISTANCE COMMISSION			
Passed through Nebraska Secretary of State			
COVID-19 - 2018 HAVA Election Security Grant	90.404	11	3,030
Total U.S. Election Assistance Commission			<u>3,030</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,574,295</u></u>

* Represents Major Program

See accompanying Notes to the Schedule of Expenditures of Federal Awards

OTOE COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2021

1. Basis of Presentation

The accompanying schedule of expenditures of Federal awards (Schedule) includes the Federal award activity of Otoe County (County) under programs of the Federal government for the year ended June 30, 2021, except as noted in Note 3 below. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes or net assets of the County. The County's reporting entity is defined in Note 1.A. to the County's financial statements. Federal awards received directly from Federal agencies, as well as those passed through other government agencies, are included in the Schedule. Unless otherwise noted on the Schedule, all programs are received directly from the respective Federal agency.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The County has elected to use the 10 percent de minimis indirect cost rate, as allowed under Uniform Guidance, except for the Child Support Enforcement Program.

3. Disaster Grants – Public Assistance (Presidentially Declared Disasters)

After a presidentially declared disaster, the Federal Emergency Management Agency (FEMA) provides Disaster Grants – Public Assistance (Presidentially Declared Disasters) (CFDA 97.036) to reimburse eligible costs associated with the repair, replacement, or restoration of disaster-damaged infrastructure. The Schedule of Expenditures of Federal Awards reports expenditures of \$599,644 for this program. Of this amount, \$18,910 was incurred in the fiscal year ending June 30, 2021. The remaining expenditures were incurred in prior years.



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, 2021, and the related notes to the financial statements, which collectively comprise Otoe County's basic financial statements, and have issued our report thereon dated February 28, 2022. 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.

County Response: The County has discussed the finding but must consider the cost of adequate segregation of duties when determining the use of tax money.

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 February 28, 2022.

Otoe County's Response to Finding

Otoe County's response to the finding identified in our audit is described above. Otoe County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



Zachary Wells, CPA, CISA
Assistant Deputy Auditor
Lincoln, Nebraska

February 28, 2022



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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OTOE COUNTY
**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

Board of Commissioners
Otoe County, Nebraska

Report on Compliance for Each Major Federal Program

We have audited Otoe County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Otoe County's major Federal programs for the year ended June 30, 2021. Otoe County's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Otoe County's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Otoe County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of Otoe County's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, Otoe County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Otoe County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Otoe County's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Otoe County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as Finding #2021-2, that we consider to be a significant deficiency.

Otoe County's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Otoe County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of the internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



February 28, 2022

Zachary Wells, CPA, CISA
Assistant Deputy Auditor
Lincoln, Nebraska

OTOE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with cash basis of accounting:

Unmodified

Internal control over financial reporting:

Material weaknesses identified? ☐ Yes ☒ None Reported

Significant deficiencies identified? ☒ Yes ☐ No

Noncompliance material to financial statements noted? ☐ Yes ☒ None Reported

Federal Awards

Internal control over major programs:

Material weaknesses identified? ☐ Yes ☒ None Reported

Significant deficiencies identified? ☒ Yes ☐ None Reported

Type of auditor’s report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

☒ Yes ☐ No

Major programs: **Coronavirus Relief Fund: AL #21.019**

Emergency Watershed Protection Program: AL #10.923

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

☐ Yes ☒ No

OTOE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Continued)

Section II – Financial Statement Findings

Finding # 2021-1

<u>Condition</u> -	There is a lack of segregation of accounting functions among various County offices and personnel. This is a continuing item from the prior year.
<u>Criteria</u> -	Authorization or approval of transactions, recording of transactions, and custody of assets should normally be segregated from each other.
<u>Context</u> -	Various County offices collect money; most of those offices employ one or two individuals. The offices remit the money to the County Treasurer.
<u>Effect</u> -	This lack of segregation of duties results in an inadequate overall internal control structure design.
<u>Cause</u> -	The County does not employ sufficient office personnel to segregate accounting functions properly.
<u>Recommendation</u> -	The County should be aware of the inherent risks associated with improper segregation of accounting functions. The County should also develop mitigating controls to reduce the risk of errors or fraud associated with the improper segregation of accounting functions.
<u>View of Officials</u> -	The County has discussed the finding but must consider the cost of adequate segregation of duties when determining the use of tax money.

Section III – Federal Award Findings and Questioned Costs

Finding # 2021-2

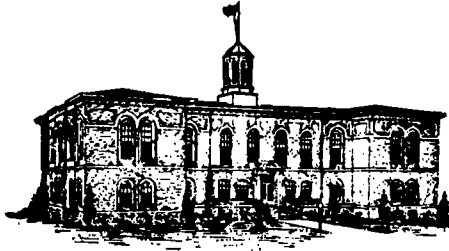
<u>Program</u> -	AL 10.923 – Emergency Watershed Protection Program – Suspension & Debarment
<u>Grant Number & Year</u> -	NR206526XXXXC015, FFY 2021
<u>Federal Grantor Agency</u> -	U.S. Department of Agriculture
<u>Criteria</u> -	<p>Title 2 of the U.S. Code of Federal Regulations (CFR) § 180.300 (January 1, 2021) requires non-federal entities to verify an entity is not excluded or disqualified prior to entering into a covered transaction by, “(a) Checking SAM Exclusions; or (b) Collecting a certification from that [entity]; or (c) Adding a clause or condition to the covered transaction with that [entity].”</p> <p>A good internal control plan requires adequate procedures to ensure the County has proper procedures in place to verify that contractors paid with grant funds are not suspended, debarred, or otherwise excluded from or ineligible for participation in Federal programs or activities.</p>

OTOE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Concluded)

<u>Condition</u> -	<p>The County entered into a contract with Circle A Construction, for the construction of a channel rehabilitation project titled "Otoe County EWP, Site 188," for \$110,475. At the completion of the project the County Board approved and paid \$94,953 on March 9, 2021, to Circle A Construction for the work completed.</p> <p>Additionally, the County entered into a contract with High Plains Enterprises, for the construction of a channel rehabilitation project titled "Otoe County EWP, Site 191," for \$49,598. At the completion of the project, the County Board approved and paid \$65,605 on January 12, 2021, to High Plains Enterprises for the work completed.</p> <p>Per discussion with the County Highway Superintendent, after a project has been bid, but before the project is awarded, the County's consultant, Mainelli Wagner & Associates Inc, reviews SAM exclusions online to verify the contractor the County may award the project to has not been disbarred, suspended, or otherwise excluded from participating in a Federal project. However, the County was unable to provide documentation that this procedure occurred prior to entering into contracts for the Emergency Watershed Protection Program projects with Circle A Construction and High Plains Enterprises. We noted that the two contractors in question were not suspended, debarred, or otherwise excluded from participation in Federal programs or activities as of the date testing was performed.</p>
<u>Repeat Finding</u> -	No
<u>Questioned Costs</u> -	None
<u>Statistical Sample</u> -	No
<u>Cause</u> -	<p>The County relies on the County's consultant, Mainelli Wagener & Associates Inc, to review SAM exclusions online for contractors before a project is award to a contractor as part of the services provided by the consultant. However, these services are not documented in a formal agreement with the consultant.</p>
<u>Effect</u> -	<p>Without adequate procedures to ensure contractors are not suspended, debarred, or otherwise excluded from or ineligible for participation in Federal programs or activities, there is an increased risk for the misuse of Federal funds and noncompliance with Federal regulations.</p>
<u>Recommendation</u> -	<p>We recommend the County implement procedures to ensure, prior to entering into a covered transaction, that a contractor is not suspended, debarred, or otherwise excluded from or ineligible for participation in Federal programs or activities, and that procedure is adequately documented.</p>
<u>View of Officials</u> -	<p>The County has discussed the finding and will implement a policy to ensure suspension and debarment is both verified and adequately documented prior to awarding any contract or agreement paid with Federal funds. As noted, neither of the Emergency Watershed Protection Program transactions tested included parties which were excluded by the Federal Government.</p>



Otoe County Commissioners
1021 Central Ave. Room 103
Nebraska City, NE 68410

Jim Thurman, 1st District Commissioner
Rick Freshman, 2nd District Commissioner
Jerad Sornson, 3rd District Commissioner
James Parsons, 4th District Commissioner
Dan Crownover, 5th District Commissioner

CORRECTIVE ACTION PLAN

Year Ended June 30, 2021

The corrective action plan for the findings included in the Schedule of Findings and Questioned Costs are summarized as follows:

Finding 2021-1 Segregation of Duties

Corrective Action Planned: The County has discussed the finding but must consider the cost of adequate segregation of duties when determining the use of tax money.

Anticipated Completion Date: Ongoing

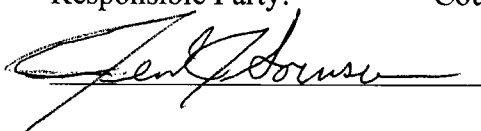
Responsible Party: County Board

Finding 2021-2 AL 10.923 – Emergency Watershed Protection Program – Suspension & Debarment

Corrective Action Planned: The County has discussed the finding and will implement a policy to ensure suspension and debarment is both verified and adequately documented prior to awarding any contract or agreement paid with Federal funds. As noted, neither of the Emergency Watershed Protection Program transactions tested included parties which were excluded by the Federal Government.

Anticipated Completion Date: Ongoing

Responsible Party: County Board

 Jerad Sornson, Otoe County Board Chair



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
auditors.nebraska.gov

February 28, 2022

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, 2021, and have issued our report thereon dated February 28, 2022. 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 BOARD

Claim Issues

During our audit, we noted the following issues regarding claims paid by the County Board:

- We noted the County paid sales tax, totaling \$298, on two of the four credit card claims tested. The following table summarizes these payments:

Date	Vendor	Description	Amount Paid	Sales Tax Paid
1/6/21	Amazon	Cisco Meraki Cloud server	\$ 2,586	\$ 180
10/6/20	Amazon	Two 16 TB Hard Drives	\$ 776	\$ 54
1/10/21	Microsoft	Online Services Monthly Subscription	\$ 258	\$ 18
10/10/20	Microsoft	Online Services Monthly Subscription	\$ 250	\$ 18
1/24/21	Amazon	4 Monoprice SlimRun Cat6A Ethernet Patch Cables	\$ 93	\$ 7
1/29/21	Amazon	Return Address Labels	\$ 82	\$ 6
10/5/20	Amazon	3 Display Port to HDMI Adapters	\$ 30	\$ 2
10/1/20	Amazon	2 Display Port to HDMI Adapters	\$ 25	\$ 2
10/5/20	Westlake Ace Hardware	6 Outlet Power Strip and other misc. tools	\$ 23	\$ 2
1/24/21	Amazon	Monoprice SlimRun Cat6A Ethernet Patch Cable	\$ 17	\$ 1
1/10/21	Microsoft	Online Services Monthly Subscription	\$ 16	\$ 1
10/10/20	Microsoft	Online Services Monthly Subscription	\$ 16	\$ 1
1/1/21	Zoom Video Communication	Standard Pro Monthly Charge	\$ 16	\$ 1
11/1/20	Zoom Video Communication	Standard Pro Monthly Charge	\$ 16	\$ 1
1/10/21	Microsoft	Online Services Monthly Subscription	\$ 16	\$ 1
10/10/20	Microsoft	Online Services Monthly Subscription	\$ 16	\$ 1
1/15/21	Amazon	2 Leviton 2 port Wall Plates	\$ 14	\$ 1
1/20/21	Amazon	2 Leviton 2 port Wall Plates	\$ 14	\$ 1
Total			\$ 4,264	\$ 298

- The County purchased a 2021 Mack Truck for \$149,969 on October 22, 2020; however, the truck was not added to the annual inventory listing approved by the County Board in August 2021.

Neb. Rev. Stat. § 77-2704.15(1)(a) (Reissue 2018) states, in relevant part, the following:

Sales and use taxes shall not be imposed on the gross receipts from the sale, lease, or rental of and the storage, use, or other consumption in this state of purchases by the state, including public educational institutions recognized or established under the provisions of Chapter 85, or by any county

Neb. Rev. Stat. § 23-347 (Reissue 2012) states, in relevant part, the following:

Within two calendar months after the close of each fiscal year, each county officer shall make, acknowledge under oath, and file with the county board of his or her county an inventory statement of all county personal property in the custody and possession of said county officer. The county board in each county shall examine into each inventory statement so filed, and, if said statement is correct and proper in every particular, the county board shall deliver each of said inventory statements to the clerk of the county for filing as a public record in said county clerk's office in a manner convenient for reference.

A good internal control plan and sound business practices require procedures to ensure that: 1) sales taxes are not paid on County purchases; and 2) County equipment purchased during the year is properly included on the annual inventory listing.

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

We recommend the County Board implement procedures to ensure sales tax is not paid on County purchases, and equipment purchased is included on the annual inventory listing.

Insufficient Pledged Collateral

During fiscal year 2021, we noted that the County Board did not maintain securities to cover deposits fully in the imprest bank account. For this account, the daily bank balance ranged from \$581,883 to \$1,642,001; however, the pledged securities for this account were inadequate for 14 days during the year, with uncollateralized balances ranging from \$29,786 to \$916,099.

Neb. Rev. Stat. § 77-2395(1) (Supp 2021) states, in relevant part, the following:

[T]he custodial official shall not have on deposit in such depository any public money or public funds in excess of the amount insured or guaranteed by the Federal Deposit Insurance Corporation, unless and until the depository has provided a deposit guaranty bond or furnished securities, or any combination thereof, to the custodial official, and the total value of such deposit guaranty bond and the market value of such securities are in an amount not less than one hundred two percent of the amount on deposit which is in excess of the amount so insured or guaranteed.

Furthermore, sound accounting practices and a good internal control plan require procedures to ensure that public funds deposited in banks are fully protected by FDIC coverage or otherwise adequately collateralized, and such security is properly documented.

Without such procedures, there is an increased risk for not only the loss of unsecured public funds but also noncompliance with State statute.

We recommend the County implement procedures for monitoring closely all County bank accounts to ensure they are properly secured, by either sufficient FDIC coverage or adequate collateral, and documentation of such security is maintained.

Fee Approvals

During our audit, we noted a lack of documentation for the Board's approval of fees charged by the following offices:

- The County Sheriff charged \$25 for accident photos and \$2 for accident reports. A total of \$256 for accident photos and reports was collected during the fiscal year.
- The County Clerk charged \$1 for copies of marriage licenses. A total of \$1,329 in copy fees, including fees for copying marriage licenses, was collected during the fiscal year.

Neb. Rev. Stat. § 23-106(1) (Reissue 2012) assigns to the County Board responsibility for managing County funds and business. Additionally, good internal controls and sound business practice require fees to be set by the County Board and documentation of this approval to be maintained.

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

We recommend the County Board implement procedures to ensure that the County Board approves all County office fees not set by statute and maintains documentation of such approvals for subsequent review.

Lack of Supporting Documentation

During fiscal year 2021, we noted the following issues:

- The County Board made payments, totaling \$5,581, for custodial services, utilities, telephone services, and building repairs and/or maintenance expenses for the Otoe County Museum; however, the County had no agreement or contract on file to support the amount paid.
- We noted that the County paid \$500 per month for rental of office space and equipment for the County Public Defender; however, no documentation was attached to the claims to support the monthly payments. Further, the County does not have a formal written agreement to support the payment of these expenses. A total of \$6,000 was paid during fiscal year 2021 for the office space and equipment.

A good internal control plan and sound business practices require procedures to ensure that any monetary disbursement by the County, including the grant of public funds, is supported by adequate documentation. Those same procedures should ensure also that grant funds are utilized appropriately.

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

A similar finding was noted in the prior audit.

We recommend the County Board implements procedures to ensure adequate documentation exists to support claims paid, and any grant of public funds was spent appropriately.

COUNTY SHERIFF

Accounting Procedures

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

- As of June 30, 2021, 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 \$823. This is the result primarily of the County Sheriff's failure both to maintain an accurate and complete listing of accounts receivable and to perform a periodic office asset-to-office liability reconciliation.
- During October 2020, a petty cash expense of \$147 for the purchase of checks was deducted from the Sheriff's Fee Account, not the Petty Cash Fund; moreover, the County Sheriff's office did not submit a claim to the County Board to reimburse the account for this expense.

Neb. Rev. Stat. § 23-135(1) (Reissue 2012) states, in relevant part, the following:

All claims against a county shall be filed with the county clerk within ninety days from the time when any materials or labor, which form the basis of the claims, have been furnished or performed

Additionally, sound accounting practices and good internal controls require procedures to ensure that adequate reconciliation and balancing methods, including procedures to ensure office assets agree with office liabilities, are utilized on at least a monthly basis. Those procedures should also include the timely identification and resolution of all variances noted and the maintenance of proper documentation to support correct balances.

Without such procedures, there is an increased risk of not only failure to determine asset-to-liability balancing variances, allowing such errors to go undetected more easily, but also loss, theft, or misuse of funds.

A similar finding was noted in the prior audit.

We recommend the County Sheriff implement procedures for: 1) maintaining adequate records to support all balances and following up on old accounts receivable; 2) ensuring monthly asset-to-liability reconciliations are performed, and any variances noted are scrutinized; and 3) ensuring that all petty cash expenses utilize the Petty Cash Fund and are reimbursed in a timely manner.

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 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 issue 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 Response: The County has discussed the finding but must consider the cost of adequate segregation of duties when determining the use of tax money.

* * * * *

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.

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.

Sincerely,

A handwritten signature in black ink that reads "Zachary Wells". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

Zachary Wells, CPA, CISA
Assistant Deputy Auditor