

**AUDIT REPORT  
OF  
KEITH COUNTY**

**JULY 1, 2009 THROUGH JUNE 30, 2010**

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

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

**Issued on September 9, 2010**

# KEITH COUNTY

## TABLE OF CONTENTS

	<u>Page</u>
<b>List of County Officials</b>	1
<b>Financial Section</b>	
Independent Auditors' Report	2 - 3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets - 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 Fiduciary Assets and Liabilities - Cash Basis - Fiduciary Funds	8
Notes to Financial Statements	9 - 17
Required Supplementary Information:	
Budgetary Comparison Schedule - Budget and Actual - General Fund	18 - 19
Budgetary Comparison Schedule - Budget and Actual - Major Funds	20 - 21
Notes to Required Supplementary Information	22
Combining Statements and Schedules:	
Combining Statement of Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Nonmajor Governmental Funds	23
Budgetary Comparison Schedule - Budget and Actual - Nonmajor Funds	24 - 27
Schedule of Office Activities	28
Schedule of Taxes Certified and Collected for All Political Subdivisions in the County	29
<b>Government Auditing Standards Section</b>	
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>	30 - 31

KEITH COUNTY

**LIST OF COUNTY OFFICIALS**

At June 30, 2010

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Charles Baltzell	Board of Commissioners	Jan. 2011
Rex Christensen		Jan. 2013
W.E. O'Connor		Jan. 2013
Lonnie Peters		Jan. 2011
Doug Teaford		Jan. 2011
Blake Edwards	Attorney	Jan. 2011
Sandra Olson	Clerk Election Commissioner Register of Deeds	Jan. 2011
Susan Thomas	Clerk of the District Court	Jan. 2011
Kevin Mueller	Sheriff	Jan. 2011
Susan Gieschen	Treasurer	Jan. 2011
William Giesler	Veterans' Service Officer	Appointed
Don Chandler	Weed Superintendent	Appointed
Tim Ryan	Highway Superintendent	Appointed
Harold Peterson	Emergency Manager	Appointed
Jack Quinlivan	Planning / Zoning	Appointed



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

---

Mike Foley  
State Auditor

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

### KEITH COUNTY

### INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Keith County, Nebraska

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Keith County, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash balances of the governmental activities, each major fund, and the aggregate remaining fund information for the primary government of Keith County, as of June 30, 2010, and the respective changes in cash balances thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2010, on our consideration of Keith County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The budgetary comparison information is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The County has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, nonmajor budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole on the basis of accounting described in Note 1.

Signed Original on File

September 8, 2010

Deann Haeffner, CPA  
Assistant Deputy Auditor

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

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Cash Equivalents (Note 1.D)	\$ 3,759,115
Investments (Note 1.D)	1,168,678
<b>TOTAL ASSETS</b>	<u><u>\$ 4,927,793</u></u>
 <b>NET ASSETS</b>	
Restricted for:	
Visitor Promotion	\$ 277,643
Emergency 911	85,550
Other Purposes	12,507
Unrestricted	<u>4,552,093</u>
<b>TOTAL NET ASSETS</b>	<u><u>\$ 4,927,793</u></u>

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

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

<b>Functions:</b>	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Assets
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
General Government	\$ (1,953,057)	\$ 249,501	\$ 75,819	\$ (1,627,737)
Public Safety	(1,872,476)	127,210	293,894	(1,451,372)
Public Works	(1,428,530)	5,800	797,064	(625,666)
Health and Sanitation	(64,491)	-	-	(64,491)
Public Assistance	(103,584)	-	-	(103,584)
Culture and Recreation	(186,376)	-	-	(186,376)
<b>Total Governmental Activities</b>	<b>\$ (5,608,514)</b>	<b>\$ 382,511</b>	<b>\$ 1,166,777</b>	<b>(4,059,226)</b>

General Receipts:

Property Taxes	3,470,226
Grants and Contributions Not Restricted to Specific Programs	567,018
Investment Income	58,101
Miscellaneous	332,714
<b>Total General Receipts</b>	<b>4,428,059</b>
 Change in Net Assets	 368,833
Net Assets - Beginning	4,558,960
Net Assets - Ending	<b>\$ 4,927,793</b>

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

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

	<u>General Fund</u>	<u>Road &amp; Bridge Fund</u>	<u>Inheritance Fund</u>	<u>Health Insurance Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents (Note 1.D)	\$ 1,702,658	\$ 761,459	\$ 589,897	\$ 204,556	\$ 500,545	\$ 3,759,115
Investments (Note 1.D)	244,989	-	898,905	-	24,784	1,168,678
<b>TOTAL ASSETS</b>	<u>\$ 1,947,647</u>	<u>\$ 761,459</u>	<u>\$ 1,488,802</u>	<u>\$ 204,556</u>	<u>\$ 525,329</u>	<u>\$ 4,927,793</u>
<b>FUND BALANCES</b>						
Unreserved, reported in:						
General fund	\$ 1,947,647	\$ -	\$ -	\$ -	\$ -	\$ 1,947,647
Special revenue funds	-	761,459	1,488,802	204,556	525,329	2,980,146
<b>TOTAL CASH BASIS FUND BALANCES</b>	<u>\$ 1,947,647</u>	<u>\$ 761,459</u>	<u>\$ 1,488,802</u>	<u>\$ 204,556</u>	<u>\$ 525,329</u>	<u>\$ 4,927,793</u>

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



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

	General Fund	Road & Bridge Fund	Inheritance Fund	Health Insurance Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>						
Property Taxes	\$ 2,971,869	\$ -	\$ 189,887	\$ -	\$ 308,470	\$ 3,470,226
Licenses and Permits	55,848	100	-	-	-	55,948
Interest	43,823	-	13,321	335	622	58,101
Intergovernmental	689,503	797,261	-	-	247,031	1,733,795
Charges for Services	374,911	-	-	-	7,600	382,511
Miscellaneous	8,533	3,528	-	211,380	53,325	276,766
<b>TOTAL RECEIPTS</b>	<u>4,144,487</u>	<u>800,889</u>	<u>203,208</u>	<u>211,715</u>	<u>617,048</u>	<u>5,977,347</u>
<b>DISBURSEMENTS</b>						
General Government	1,122,366	-	-	817,351	13,340	1,953,057
Public Safety	1,539,849	-	-	-	332,627	1,872,476
Public Works	10,000	1,390,283	-	-	28,247	1,428,530
Health and Sanitation	40,491	-	24,000	-	-	64,491
Public Assistance	103,584	-	-	-	-	103,584
Culture and Recreation	18,586	-	-	-	167,790	186,376
<b>TOTAL DISBURSEMENTS</b>	<u>2,834,876</u>	<u>1,390,283</u>	<u>24,000</u>	<u>817,351</u>	<u>542,004</u>	<u>5,608,514</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>1,309,611</u>	<u>(589,394)</u>	<u>179,208</u>	<u>(605,636)</u>	<u>75,044</u>	<u>368,833</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	11,150	843,685	-	553,746	39,193	1,447,774
Transfers out	(1,300,750)	(135,874)	-	-	(11,150)	(1,447,774)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,289,600)</u>	<u>707,811</u>	<u>-</u>	<u>553,746</u>	<u>28,043</u>	<u>-</u>
Net Change in Fund Balances	20,011	118,417	179,208	(51,890)	103,087	368,833
<b>CASH BASIS FUND BALANCES - BEGINNING</b>	<u>1,927,636</u>	<u>643,042</u>	<u>1,309,594</u>	<u>256,446</u>	<u>422,242</u>	<u>4,558,960</u>
<b>CASH BASIS FUND BALANCES - ENDING</b>	<u>\$ 1,947,647</u>	<u>\$ 761,459</u>	<u>\$1,488,802</u>	<u>\$204,556</u>	<u>\$ 525,329</u>	<u>\$ 4,927,793</u>

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

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

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 391,963
 <b>LIABILITIES</b>	
Due to other governments	
State	134,677
Schools	188,786
Educational Service Units	1,418
Technical College	8,333
Natural Resource Districts	6,520
Fire Districts	3,231
Municipalities	29,149
Agricultural Society	794
Cemetery Districts	199
Sanitary and Improvement Districts	1,315
Irrigation Districts	16,998
Others	543
<b>TOTAL LIABILITIES</b>	<b>391,963</b>
 <b>TOTAL NET ASSETS</b>	 <b>\$ -</b>

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

KEITH COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2010

1. **Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

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

As required by generally accepted accounting principles (GAAP), these financial statements present the County (the primary government). No component units were identified.

**Joint Organization.**

Behavioral Health Region II - The County has entered into an agreement with surrounding counties and the Nebraska Health and Human Services System to provide services to carry out the provisions of the Nebraska Behavioral Health Services Act (Act). Agreements were established under the authority of the Interlocal Cooperation Act for services to be provided under the Act. The Region consists of the following counties: Grant, Hooker, Thomas, Arthur, McPherson, Logan, Keith, Lincoln, Perkins, Chase, Hayes, Frontier, Dawson, Gosper, Dundy, Hitchcock, and Red Willow.

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 \$37,057 toward the operation of the Region during fiscal year 2010. In the event of the termination of the agreement, assets would be disposed of in

KEITH COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

accordance with the terms of the agreement. The Nebraska Health and Human Services System requires the Region to be audited annually in accordance with State Statute. Financial information for the Region is available in those audit reports.

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

The Department's governing board is established by Statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of federal, state, local, and private funding. The County contributed \$60,000 toward the operation of the Health Department during fiscal year 2010. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Health Department is required to be audited annually in accordance with Neb. Rev. Stat. § 84-304. Financial information for the Health Department is available in that report.

**B. Basis of Presentation**

**Government-wide Financial Statements.** The Statement of Net Assets - Cash Basis and Statement of Activities - Cash Basis display information about the activities of the County, and are in the format of government-wide statements as required by GASB Statement Number 34. These statements include all the financial activities of the County, except for fiduciary activities. Internal activities in these statements have not been eliminated. Governmental GAAP would require internal activity to be eliminated to minimize double counting. The County reports governmental activities only. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

KEITH 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 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 & Bridge Fund.** This fund is used to account for costs associated with the repair and maintenance of roads and bridges.

**Inheritance Fund.** This fund is used to account for the revenues generated from estate taxes.

**Health Insurance Fund.** This fund is used to account for revenues and expenses related to the County's self insured health insurance.

The County reports the following additional fund types:

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

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

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

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

KEITH COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

accrual basis of accounting. Under this measurement focus and basis of accounting revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

**D. Assets and Net Assets**

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

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

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

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

KEITH COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

**Restricted Net Assets.** When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net assets are reported as restricted when constraints placed on their use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net assets reports \$375,700 of restricted net assets, of which \$375,461 is restricted by enabling legislation.

2. **Deposits and Investments**

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

At year end, the County's carrying amount of deposits was \$3,759,115 for County funds and \$391,963 for Fiduciary funds. The bank balances for all funds totaled \$4,317,769. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits as of June 30, 2010, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

The County's carrying value of investments are stated at cost, which approximates market. Investments consisted of \$1,168,678 deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a seven member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income which has accrued to each participant is converted as of the close of business of each calendar month into additional units which thereafter are held in each participant's trust account. Since net income of the fund is allocated among participant's each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name.

KEITH COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

**3. Property Taxes**

Property taxes are levied by the County Board on or before October 15 of each year for all political subdivisions in the County. Real estate and personal property taxes are due and attach as an enforceable lien on January 1 following the levy date, and become delinquent in two equal installments on May 1 and September 1. Motor vehicle taxes are due when application is made for registration of a motor vehicle.

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

The levy set in October 2009, for the 2009 taxes which will be materially collected in May and September, 2010, was set at \$.317342/\$100 of assessed valuation. The levy set in October 2008, for the 2008 taxes which were materially collected in May and September, 2009, was set at \$.330867/\$100 of assessed valuation. The amount collected for motor vehicle tax is outlined in State Statute.

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

**4. Retirement System**

The Retirement System for Nebraska Counties (the Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2335 and may be amended through legislative action.

Participation in the Plan is required of all full time employees. Part time (working less than one-half of the regularly scheduled hours) employees may elect voluntary participation upon reaching age 20. Part time elected officials may exercise the option to join.

County employees and elected officials contribute 4.5% of their total compensation. In addition, the County contributes an amount equal to 150% of the employee's contribution. The contribution rates are established by Neb. Rev. Stat. §§ 23-2307 and 23-2308 (Reissue 2007), and may be amended through legislative action. The employee's and employer's contributions are kept in separate accounts. The employee's



KEITH COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

account is fully vested. The employer's account is fully vested after three years of participation in the system or credit for participation in another governmental plan prior to actual contribution to the Plan. Prior service benefits are paid directly by the County to the retired employee.

A supplemental retirement plan was established on January 1, 2003, for the benefit of all present and future commissioned law enforcement personnel employed by the County. Employees contribute 1% of their salary and the County contributes an amount equal to 100% of the employee's contribution. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings.

For the year ended June 30, 2010, 61 employees contributed \$86,353; the County contributed \$129,532. Additionally, for the year ended June 30, 2010, 8 law enforcement employees and the County contributed \$2,945 in cash contributions for the supplemental law enforcement plan. Lastly, the County paid \$2,508 directly to 19 retired employees for prior service benefits.

5. **Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association (NIRMA), a public entity risk pool currently operating as a common risk management and insurance program for 78 counties throughout Nebraska.

The County pays an annual deposit premium as calculated by the administrator of the pool. The premium is based on the losses and exposures of each County and the entire Pool. If the Pool becomes insolvent or is otherwise unable to discharge its legal liabilities and other obligations, the County may be assessed by the Board for an additional contribution equal to its contribution for the current fiscal year, divided by the contribution of all participants for such year, times the amount of such deficiency. Each such assessment, and the manner of calculating the same, shall be sent to each county in writing, and each county shall thereafter have sixty (60) days in which to pay the amount of such assessment. Each county shall remain liable for such assessments, regardless of such county's withdrawal from participation or the termination of the agreement, and for liabilities of the Pool incurred during such county's period of membership.

KEITH COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. **Risk Management** (Concluded)

The agreement with NIRMA provides that NIRMA will provide coverage for up to a maximum amount per occurrence and purchase commercial insurance for claims in excess of coverage provided. In the event of a liability exceeding the commercial insurance, the County would be responsible for funding the excess amount.

	<u>NIRMA Coverage</u>	<u>Maximum Coverage</u>
General Liability Claim	\$ 300,000	\$ 5,000,000
Worker's Compensation Claim	\$ 500,000	Statutory Limits
Property Damage Claim	\$ 250,000	Insured Value at Replacement Cost

The County has not paid any additional assessments to the Pool in the last three fiscal years and no assessments are anticipated for fiscal year 2011. The County has not had to pay out any amounts that exceeded coverage provided by the Pool in the last three fiscal years.

6. **Interfund Transfers**

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

<u>Transfers to</u>	<u>Transfers from</u>			Total
	General Fund	Road & Bridge Fund	Nonmajor Funds	
General Fund	\$ -	\$ -	\$ 11,150	\$ 11,150
Road & Bridge Fund	843,685	-	-	843,685
Health Insurance Fund	417,872	135,874	-	553,746
Nonmajor Funds	39,193	-	-	39,193
Total	<u>\$ 1,300,750</u>	<u>\$ 135,874</u>	<u>\$ 11,150</u>	<u>\$ 1,447,774</u>

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

Transfers from the General Fund and the Road & Bridge Fund to the Health Insurance Fund are the County's contributions to the Health Insurance Fund. These represent the County's portion of health insurance premiums.

KEITH COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

7. Capital Leases Payable

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

	Motor Grader	Communications Equipment
Balance July 1, 2009	\$ 87,141	\$ 31,919
Payments	42,604	31,919
Purchases	-	-
Balance June 30, 2010	<u>\$ 44,537</u>	<u>\$ -</u>
Future Payments:		
<b>Year</b>		
2011	\$ 46,568	\$ -
Total Payments	46,568	-
Less Interest	2,031	-
Present Value of Future Minimum Lease Payments	<u>\$ 44,537</u>	<u>\$ -</u>
Carrying Value of the related Fixed asset	<u>\$ 218,600</u>	<u>\$ 100,000</u>

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

For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 3,236,920	\$ 3,236,920	\$ 2,971,869	\$ (265,051)
Licenses and Permits	47,600	47,600	55,848	8,248
Interest	50,000	50,000	43,823	(6,177)
Intergovernmental	265,826	265,826	689,503	423,677
Charges for Services	454,000	454,000	374,911	(79,089)
Miscellaneous	18,248	18,248	8,533	(9,715)
<b>TOTAL RECEIPTS</b>	<u>4,072,594</u>	<u>4,072,594</u>	<u>4,144,487</u>	<u>71,893</u>
<b>DISBURSEMENTS</b>				
General Government:				
County Board	204,000	204,000	191,241	12,759
County Clerk	148,760	148,760	135,681	13,079
County Treasurer	238,220	238,220	230,021	8,199
Election Commissioner	90,600	90,600	76,251	14,349
Planning Commission	73,860	73,860	73,641	219
Clerk of the District Court	132,130	132,130	129,848	2,282
County Court System	25,000	25,000	21,516	3,484
Building and Grounds	291,950	291,950	212,451	79,499
Agricultural Extension Agent	55,800	55,800	49,846	5,954
Miscellaneous	799,500	799,500	1,870	797,630
Public Safety:				
County Sheriff	625,280	625,280	567,461	57,819
County Attorney	291,790	291,790	277,797	13,993
Communication Center	385,600	385,600	358,716	26,884
County Jail	375,040	375,040	329,469	45,571
Miscellaneous	93,000	93,000	6,406	86,594
Public Works:				
Miscellaneous	10,000	10,000	10,000	-
Public Health:				
Miscellaneous	84,000	84,000	40,491	43,509
Public Assistance:				
Veterans' Service Officer	55,730	55,730	53,128	2,602
Miscellaneous	45,000	45,000	50,456	(5,456)
Culture and Recreation:				
Miscellaneous	21,000	21,000	18,586	2,414
<b>TOTAL DISBURSEMENTS</b>	<u>4,046,260</u>	<u>4,046,260</u>	<u>2,834,876</u>	<u>1,211,384</u>

(Continued)

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

For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	26,334	26,334	1,309,611	1,283,277
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	100,000	100,000	11,150	(88,850)
Transfers out	(1,113,970)	(1,113,970)	(1,300,750)	(186,780)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(1,013,970)	(1,013,970)	(1,289,600)	(275,630)
Net Change in Fund Balance	(987,636)	(987,636)	20,011	1,007,647
<b>FUND BALANCES - BEGINNING</b>	1,927,636	1,927,636	1,927,636	-
<b>FUND BALANCES - ENDING</b>	\$ 940,000	\$ 940,000	\$ 1,947,647	\$ 1,007,647

(Concluded)

**KEITH COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**MAJOR FUNDS**

For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD &amp; BRIDGE FUND</b>				
<b>RECEIPTS</b>				
Licenses and Permits	\$ 200	\$ 200	\$ 100	\$ (100)
Intergovernmental	794,731	794,731	797,261	2,530
Miscellaneous	1,507	1,507	3,528	2,021
<b>TOTAL RECEIPTS</b>	<u>796,438</u>	<u>796,438</u>	<u>800,889</u>	<u>4,451</u>
<b>DISBURSEMENTS</b>	<u>2,026,850</u>	<u>2,026,850</u>	<u>1,390,283</u>	<u>636,567</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(1,230,412)</u>	<u>(1,230,412)</u>	<u>(589,394)</u>	<u>641,018</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,087,370	1,087,370	843,685	(243,685)
Transfers out	-	-	(135,874)	(135,874)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,087,370</u>	<u>1,087,370</u>	<u>707,811</u>	<u>(379,559)</u>
Net Change in Fund Balance	(143,042)	(143,042)	118,417	261,459
<b>FUND BALANCE - BEGINNING</b>	<u>643,042</u>	<u>643,042</u>	<u>643,042</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 761,459</u>	<u>\$ 261,459</u>
<b>INHERITANCE FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 90,406	\$ 90,406	\$ 189,887	\$ 99,481
Interest	-	-	13,321	13,321
<b>TOTAL RECEIPTS</b>	<u>90,406</u>	<u>90,406</u>	<u>203,208</u>	<u>112,802</u>
<b>DISBURSEMENTS</b>	<u>1,300,000</u>	<u>1,300,000</u>	<u>24,000</u>	<u>1,276,000</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(1,209,594)</u>	<u>(1,209,594)</u>	<u>179,208</u>	<u>1,388,802</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(100,000)	(100,000)	-	100,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>
Net Change in Fund Balance	(1,309,594)	(1,309,594)	179,208	1,488,802
<b>FUND BALANCE - BEGINNING</b>	<u>1,309,594</u>	<u>1,309,594</u>	<u>1,309,594</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,488,802</u>	<u>\$ 1,488,802</u>

(Continued)

**KEITH COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**MAJOR FUNDS**

For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>HEALTH INSURANCE FUND</b>				
<b>RECEIPTS</b>				
Interest	\$ -	\$ -	\$ 335	\$ 335
Miscellaneous	635,054	635,054	211,380	(423,674)
<b>TOTAL RECEIPTS</b>	<u>635,054</u>	<u>635,054</u>	<u>211,715</u>	<u>(423,339)</u>
<b>DISBURSEMENTS</b>	<u>831,500</u>	<u>831,500</u>	<u>817,351</u>	<u>14,149</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(196,446)</u>	<u>(196,446)</u>	<u>(605,636)</u>	<u>(409,190)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	553,746	553,746
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>553,746</u>	<u>553,746</u>
Net Change in Fund Balance	(196,446)	(196,446)	(51,890)	144,556
FUND BALANCE - BEGINNING	196,446	196,446	256,446	60,000
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 204,556</u>	<u>\$ 204,556</u>

(Concluded)

KEITH COUNTY

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2010

**BUDGETARY COMPARISON SCHEDULES**

**GAAP Requirements**

Generally Accepted Accounting Principles (GAAP) requires budgetary comparison schedules for the General Fund, and for each major special revenue fund that has a legally adopted annual budget. GAAP further requires the budgetary comparison schedules to include the *original budget* and *final budget* amounts. The *original budget* is the first complete appropriated budget adjusted by reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes *before* the beginning of the fiscal year. The original budget would also include actual appropriation amounts automatically carried over from prior years when required by law. The *final budget* is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year as approved by the County Board or otherwise legally authorized.

**Budgetary Process**

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

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

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



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

	Visitor Promotion Fund	Visitor Improvement Fund	Veterans' Aid Fund	Diversion Fund	Traffic Diversion Fund	Drug Law Enforcement Fund	Federal Grant Fund	Keno Fund	E911 Fund	Noxious Weed Fund	Total Nonmajor Governmental Funds
<b>RECEIPTS</b>											
Property Taxes	\$ 126,963	\$ 126,963	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,544	\$ -	\$ 308,470
Interest	-	-	572	-	-	-	-	50	-	-	622
Intergovernmental	-	-	1	-	-	11,620	220,410	-	15,000	-	247,031
Charges for Services	-	-	-	-	-	1,800	-	-	-	5,800	7,600
Miscellaneous	28	-	-	10,531	5,300	2,220	-	34,328	918	-	53,325
<b>TOTAL RECEIPTS</b>	<u>126,991</u>	<u>126,963</u>	<u>573</u>	<u>10,531</u>	<u>5,300</u>	<u>15,640</u>	<u>220,410</u>	<u>34,378</u>	<u>70,462</u>	<u>5,800</u>	<u>617,048</u>
<b>DISBURSEMENTS</b>											
General Government	-	-	-	-	-	-	-	13,340	-	-	13,340
Public Safety	-	-	-	6,749	6,646	21,236	220,171	-	77,825	-	332,627
Public Works	-	-	-	-	-	-	-	-	-	28,247	28,247
Culture and Recreation	126,685	41,105	-	-	-	-	-	-	-	-	167,790
<b>TOTAL DISBURSEMENTS</b>	<u>126,685</u>	<u>41,105</u>	<u>-</u>	<u>6,749</u>	<u>6,646</u>	<u>21,236</u>	<u>220,171</u>	<u>13,340</u>	<u>77,825</u>	<u>28,247</u>	<u>542,004</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>306</u>	<u>85,858</u>	<u>573</u>	<u>3,782</u>	<u>(1,346)</u>	<u>(5,596)</u>	<u>239</u>	<u>21,038</u>	<u>(7,363)</u>	<u>(22,447)</u>	<u>75,044</u>
<b>OTHER FINANCING SOURCES (USES)</b>											
Transfers in	-	-	-	-	12,593	-	-	-	-	26,600	39,193
Transfers out	-	-	-	-	-	-	-	-	-	(11,150)	(11,150)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,593</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,450</u>	<u>28,043</u>
Net Change in Fund Balances	306	85,858	573	3,782	11,247	(5,596)	239	21,038	(7,363)	(6,997)	103,087
<b>FUND BALANCES - BEGINNING</b>	<u>39,022</u>	<u>152,457</u>	<u>64,616</u>	<u>2,623</u>	<u>4,047</u>	<u>17,864</u>	<u>-</u>	<u>41,703</u>	<u>92,913</u>	<u>6,997</u>	<u>422,242</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 39,328</u>	<u>\$ 238,315</u>	<u>\$ 65,189</u>	<u>\$ 6,405</u>	<u>\$ 15,294</u>	<u>\$ 12,268</u>	<u>\$ 239</u>	<u>\$ 62,741</u>	<u>\$ 85,550</u>	<u>\$ -</u>	<u>\$ 525,329</u>

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

For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>VISITOR PROMOTION FUND</u></b>				
<b>RECEIPTS</b>				
Taxes	\$ 110,978	\$ 110,978	\$ 126,963	\$ 15,985
Miscellaneous	-	-	28	28
<b>TOTAL RECEIPTS</b>	<b>110,978</b>	<b>110,978</b>	<b>126,991</b>	<b>16,013</b>
<b>DISBURSEMENTS</b>	<b>150,000</b>	<b>150,000</b>	<b>126,685</b>	<b>23,315</b>
Net Change in Fund Balance	(39,022)	(39,022)	306	39,328
FUND BALANCE - BEGINNING	39,022	39,022	39,022	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,328</u>	<u>\$ 39,328</u>
<b><u>VISITOR IMPROVEMENT FUND</u></b>				
<b>RECEIPTS</b>				
Taxes	\$ 110,253	\$ 110,253	\$ 126,963	\$ 16,710
<b>TOTAL RECEIPTS</b>	<b>110,253</b>	<b>110,253</b>	<b>126,963</b>	<b>16,710</b>
<b>DISBURSEMENTS</b>	<b>262,710</b>	<b>262,710</b>	<b>41,105</b>	<b>221,605</b>
Net Change in Fund Balance	(152,457)	(152,457)	85,858	238,315
FUND BALANCE - BEGINNING	152,457	152,457	152,457	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 238,315</u>	<u>\$ 238,315</u>
<b><u>VETERANS' AID FUND</u></b>				
<b>RECEIPTS</b>				
Interest	\$ 1,084	\$ 1,084	\$ 572	\$ (512)
Intergovernmental	-	-	1	1
<b>TOTAL RECEIPTS</b>	<b>1,084</b>	<b>1,084</b>	<b>573</b>	<b>(511)</b>
<b>DISBURSEMENTS</b>	<b>10,500</b>	<b>10,500</b>	<b>-</b>	<b>10,500</b>
Net Change in Fund Balance	(9,416)	(9,416)	573	9,989
FUND BALANCE - BEGINNING	64,616	64,616	64,616	-
FUND BALANCE - ENDING	<u>\$ 55,200</u>	<u>\$ 55,200</u>	<u>\$ 65,189</u>	<u>\$ 9,989</u>

(Continued)

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

For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>DIVERSION FUND</u></b>				
<b>RECEIPTS</b>				
Miscellaneous	\$ 4,377	\$ 4,377	\$ 10,531	\$ 6,154
<b>TOTAL RECEIPTS</b>	<b>4,377</b>	<b>4,377</b>	<b>10,531</b>	<b>6,154</b>
<b>DISBURSEMENTS</b>				
	7,000	7,000	6,749	251
Net Change in Fund Balance	(2,623)	(2,623)	3,782	6,405
FUND BALANCE - BEGINNING	2,623	2,623	2,623	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,405</u>	<u>\$ 6,405</u>
<b><u>TRAFFIC DIVERSION FUND</u></b>				
<b>RECEIPTS</b>				
Miscellaneous	\$ 4,953	\$ 4,953	\$ 5,300	\$ 347
<b>TOTAL RECEIPTS</b>	<b>4,953</b>	<b>4,953</b>	<b>5,300</b>	<b>347</b>
<b>DISBURSEMENTS</b>				
	9,000	9,000	6,646	2,354
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	12,593	12,593
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>12,593</b>	<b>12,593</b>
Net Change in Fund Balance	(4,047)	(4,047)	11,247	15,294
FUND BALANCE - BEGINNING	4,047	4,047	4,047	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,294</u>	<u>\$ 15,294</u>
<b><u>DRUG LAW ENFORCEMENT FUND</u></b>				
<b>RECEIPTS</b>				
Intergovernmental	\$ -	\$ -	\$ 11,620	\$ 11,620
Charges for Services	-	-	1,800	1,800
Miscellaneous	2,136	9,136	2,220	(6,916)
<b>TOTAL RECEIPTS</b>	<b>2,136</b>	<b>9,136</b>	<b>15,640</b>	<b>6,504</b>
<b>DISBURSEMENTS</b>				
	20,000	27,000	21,236	5,764
Net Change in Fund Balance	(17,864)	(17,864)	(5,596)	12,268
FUND BALANCE - BEGINNING	17,864	17,864	17,864	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,268</u>	<u>\$ 12,268</u>

(Continued)

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

For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>FEDERAL GRANT FUND</b>				
<b>RECEIPTS</b>				
Intergovernmental	\$ 530,000	\$ 530,000	\$ 220,410	\$ (309,590)
<b>TOTAL RECEIPTS</b>	<u>530,000</u>	<u>530,000</u>	<u>220,410</u>	<u>(309,590)</u>
<b>DISBURSEMENTS</b>	<u>530,000</u>	<u>530,000</u>	<u>220,171</u>	<u>309,829</u>
Net Change in Fund Balance	-	-	239	239
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 239</u>	<u>\$ 239</u>
<b>CDBG FUND</b>				
<b>RECEIPTS</b>				
Intergovernmental	\$ 500,000	\$ 500,000	\$ -	\$ (500,000)
Miscellaneous	500,000	500,000	-	(500,000)
<b>TOTAL RECEIPTS</b>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>(1,000,000)</u>
<b>DISBURSEMENTS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	1,000,000	1,000,000	-	(1,000,000)
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ (1,000,000)</u>
<b>KENO FUND</b>				
<b>RECEIPTS</b>				
Interest	\$ -	\$ -	\$ 50	\$ 50
Miscellaneous	24,297	24,297	34,328	10,031
<b>TOTAL RECEIPTS</b>	<u>24,297</u>	<u>24,297</u>	<u>34,378</u>	<u>10,081</u>
<b>DISBURSEMENTS</b>	<u>66,000</u>	<u>66,000</u>	<u>13,340</u>	<u>52,660</u>
Net Change in Fund Balance	(41,703)	(41,703)	21,038	62,741
FUND BALANCE - BEGINNING	41,703	41,703	41,703	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,741</u>	<u>\$ 62,741</u>

(Continued)

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

For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>E911 FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 53,087	\$ 53,087	\$ 54,544	\$ 1,457
Intergovernmental	24,000	24,000	15,000	(9,000)
Miscellaneous	-	-	918	918
<b>TOTAL RECEIPTS</b>	<u>77,087</u>	<u>77,087</u>	<u>70,462</u>	<u>(6,625)</u>
<b>DISBURSEMENTS</b>	<u>170,000</u>	<u>170,000</u>	<u>77,825</u>	<u>92,175</u>
Net Change in Fund Balance	(92,913)	(92,913)	(7,363)	85,550
FUND BALANCE - BEGINNING	92,913	92,913	92,913	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,550</u>	<u>\$ 85,550</u>
<b>NOXIOUS WEED FUND</b>				
<b>RECEIPTS</b>				
Charges for Services	\$ 5,003	\$ 5,003	\$ 5,800	\$ 797
<b>TOTAL RECEIPTS</b>	<u>5,003</u>	<u>5,003</u>	<u>5,800</u>	<u>797</u>
<b>DISBURSEMENTS</b>	<u>38,600</u>	<u>38,600</u>	<u>28,247</u>	<u>10,353</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	26,600	26,600	26,600	-
Transfers out	-	-	(11,150)	(11,150)
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<u>26,600</u>	<u>26,600</u>	<u>15,450</u>	<u>(11,150)</u>
Net Change in Fund Balance	(6,997)	(6,997)	(6,997)	-
FUND BALANCE - BEGINNING	6,997	6,997	6,997	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Concluded)

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

	County Clerk	Board Health Insurance	Clerk of the District Court	County Sheriff	County Attorney	Weed Superint endent	Highway Superint endent	Veterans' Service Officer	County Planning and Zoning	Total
BALANCE JULY 1, 2009	\$ 19,806	\$ 78,275	\$ 17,581	\$ 182	\$ 1,641	\$ -	\$ -	\$ 4,908	\$ -	\$ 122,393
<b>RECEIPTS</b>										
Property Taxes	-	-	-	-	-	-	-	-	-	-
Licenses and Permits	810	-	-	760	-	-	100	-	12,405	14,075
Intergovernmental	-	-	-	82,915	-	-	-	-	-	82,915
Charges for Services	52,723	-	21,549	63,313	11,331	5,800	-	-	-	154,716
Miscellaneous	-	-	-	26,307	-	-	3,528	356	-	30,191
State Fees	52,566	-	13,453	-	-	-	-	-	-	66,019
Other Liabilities	-	704,933	609,560	151,883	18,633	-	-	-	-	1,485,009
<b>TOTAL RECEIPTS</b>	<b>106,099</b>	<b>704,933</b>	<b>644,562</b>	<b>325,178</b>	<b>29,964</b>	<b>5,800</b>	<b>3,628</b>	<b>356</b>	<b>12,405</b>	<b>1,832,925</b>
<b>DISBURSEMENTS</b>										
Payments to County Treasurer	55,930	-	22,040	173,295	11,131	5,800	3,628	-	12,405	284,229
Payments to State Treasurer	61,582	-	12,936	-	-	-	-	-	-	74,518
Other Liabilities	-	686,809	610,720	150,914	18,090	-	-	1,056	-	1,467,589
<b>TOTAL DISBURSEMENTS</b>	<b>117,512</b>	<b>686,809</b>	<b>645,696</b>	<b>324,209</b>	<b>29,221</b>	<b>5,800</b>	<b>3,628</b>	<b>1,056</b>	<b>12,405</b>	<b>1,826,336</b>
BALANCE JUNE 30, 2010	\$ 8,393	\$ 96,399	\$ 16,447	\$ 1,151	\$ 2,384	\$ -	\$ -	\$ 4,208	\$ -	\$ 128,982
<b>BALANCE CONSISTS OF:</b>										
Due to County Treasurer	\$ 4,445	\$ 36,399	\$ 1,538	\$ 1,034	\$ 200	\$ -	\$ -	\$ -	\$ -	\$ 43,616
Petty Cash	-	60,000	-	-	954	-	-	4,208	-	65,162
Due to State Treasurer	3,948	-	1,571	-	-	-	-	-	-	5,519
Due to Others	-	-	13,338	117	1,230	-	-	-	-	14,685
BALANCE JUNE 30, 2010	\$ 8,393	\$ 96,399	\$ 16,447	\$ 1,151	\$ 2,384	\$ -	\$ -	\$ 4,208	\$ -	\$ 128,982

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

Item	2005	2006	2007	2008	2009
<b>Tax Certified by Assessor</b>					
Real Estate	\$ 10,978,341	\$ 11,547,224	\$ 11,461,656	\$ 12,118,365	\$ 13,566,879
Personal and Specials	978,294	984,769	982,428	1,055,584	1,184,891
<b>Total</b>	<b>11,956,635</b>	<b>12,531,993</b>	<b>12,444,084</b>	<b>13,173,949</b>	<b>14,751,770</b>
<b>Corrections</b>					
Net Additions/ (Deductions)	14,453	31,842	93,490	9,428	143
<b>Corrected Certified Tax</b>	<b>11,971,088</b>	<b>12,563,835</b>	<b>12,537,574</b>	<b>13,183,377</b>	<b>14,751,913</b>
<b>Net Tax Collected by County Treasurer during Fiscal Year Ending:</b>					
June 30, 2006	6,693,823	-	-	-	-
June 30, 2007	5,257,723	6,954,068	-	-	-
June 30, 2008	13,202	5,571,327	7,028,677	-	-
June 30, 2009	2,863	28,486	5,482,716	7,493,977	-
June 30, 2010	1,763	3,954	16,391	5,657,386	8,459,513
<b>Total Net Collections</b>	<b>11,969,374</b>	<b>12,557,835</b>	<b>12,527,784</b>	<b>13,151,363</b>	<b>8,459,513</b>
<b>Total Uncollected Tax</b>	<b>\$ 1,714</b>	<b>\$ 6,000</b>	<b>\$ 9,790</b>	<b>\$ 32,014</b>	<b>\$ 6,292,400</b>
<b>Percentage Uncollected Tax</b>	<b>0.01%</b>	<b>0.05%</b>	<b>0.08%</b>	<b>0.24%</b>	<b>42.65%</b>



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley  
State Auditor

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

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

Board of Commissioners  
Keith County, Nebraska

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Keith County as of and for the year ended June 30, 2010, and have issued our report thereon dated September 8, 2010. The report notes the financial statements were prepared on the basis of cash receipts and disbursements. Except as noted above, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Keith County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Keith County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

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



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

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. We identified no deficiencies that we consider to be significant deficiencies.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Keith County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Keith County in a separate letter dated September 8, 2010.

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

Signed Original on File

September 8, 2010

Deann Haeffner, CPA  
Assistant Deputy Auditor



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

---

Mike Foley  
State Auditor

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

September 8, 2010

Board of Commissioners  
Keith County, Nebraska

Dear Commissioners:

We have audited the basic financial statements of Keith County (County) for the fiscal year ended June 30, 2010, and have issued our report thereon dated September 8, 2010. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

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

### **COUNTY OVERALL**

---

#### **Segregation of Duties**

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

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

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

## **Petty Cash Funds**

Neb. Rev. Stat. § 23-106(2) (Reissue 2007) states, in part, "...the county board shall have the authority to establish a petty cash fund for such county for the purpose of making payments for subsidiary general operational expenditures and purchases. Such county board shall set, by resolution of the board, the amount of money to be carried in such petty cash fund and the dollar limit of an expenditure from such fund and such amount shall be stated in the fiscal policy of the county board budget message."

We noted the following Petty Cash funds were not included in the budget message and the County Board authorization was not documented:

- \$60,000 maintained by the County Clerk as seed money in the health insurance and flex plan accounts.
- \$600 maintained by the County Attorney as the County Drug Fund.
- \$344 maintained by the County Attorney as the Diversion account.
- \$10 maintained by the County Attorney as a change fund.
- \$4,208 maintained by the County Veterans' Service Officer.

When petty cash funds are not properly authorized by the County Board and disclosed in the budget message of the County budget document, the County is not in compliance with State Statute. In addition, the County is exposed to an increased risk of loss, theft, or misuse of County funds.

We recommend the County Board review petty cash funds used by County offices and, if it is the intention of the County Board for those offices to have approved petty cash funds, a formal resolution should be entered to outline authorized funds, including amounts. We further recommend all authorized petty cash funds be properly stated in the budget message of the County budget document.

*Budget Preparer's Response: While not listed on the budget message, the first line on the budget revenue pages for both the Drug and Diversion Funds lists the petty cash balances. Those budget pages would reflect any amounts placed on the budget worksheets submitted by the official. It was an unintentional omission of the health/flex petty cash funds. Previous auditors did not consider the Veteran's Aid account as a petty cash fund. The budget coordinator will recommend that the County Board authorize/reauthorize all petty cash funds annually by resolution and all will be listed on the budget message.*

---

## **COUNTY ATTORNEY**

---

## **Diversion Funds**

Neb. Rev. Stat. § 23-1601 (Reissue 2007) states, "it is the duty of the county treasurer to receive all money belonging to the county, from whatsoever source derived... All money received by the county treasurer for the use of the county shall be paid out by him or her only on warrants issued by the county board according to law."

During review of the County Attorney's diversion bank account from March 2007 through July 2008, we noted \$18,989 in diversion fees received but never remitted to the County Treasurer. Instead the money was paid out to the County Attorney and other employees for expense reimbursements and other administrative expenses. There was no County Board approval or supporting documentation available for these payments. The amount paid to the County Attorney and his wife totaled \$12,489. Additionally, \$40 was maintained by the County Attorney's office and \$3,726 was donated to local non-profit agencies. Beginning in August 2008, the County Attorney began to remit the diversion money received to the County Treasurer.

When all funds are not properly remitted to the County Treasurer there is an increased risk of loss, theft, or misuse of County funds.

We recommend the County Attorney remit all funds to the County Treasurer as required, and run all expenses through the County Board.

*County Attorney's Response: The diversion program was operated as approved by the Keith County Commissioners from inception in March 2007 through its termination in 2008. All assets purchased with diversion money are maintained in the County Attorney's Office as Keith County property or have or are being used as supplies by the County Attorney's Office. This program was required by the Keith County Commissioners to be operated without county funding or resources. The program paid all its expenses including labor and supplies from inception. The Nebraska Attorney General's office reviewed information about the program and found "no basis for involvement by this (Attorney General) office."*

### **Traffic Diversion Fund**

Per the County Drivers Safety Training Program Certificate, the County Attorney's office is allowed to use \$15 of each diversion fee collected to cover costs incurred handling traffic citations and administering the diversion program. The remaining amount is to be used to support County traffic safety law enforcement programs.

We noted during fiscal years 2007 through 2010, the County Attorney was charging payroll expenses to the Traffic Diversion Fund without supporting documentation and in excess of the amount authorized in the Certificate. In April 2010, a transfer of \$12,593 was made from the General Fund to the Traffic Diversion Fund to correct the overcharge to the Fund.

The miscoding of expenses to the Traffic Diversion Fund overstated the traffic diversion disbursements and understated County Attorney expenses.

We recommend procedures be established to ensure the Traffic Diversion Fund monies only be expensed for items which comply with the approved certificate.

*County Attorney's Response: The Traffic Diversion Budget has been submitted and approved by the Keith County Commissioners estimating participation in the program annually since its inception in 2005 in substantially the same form. All supporting documents are and were*

available for review. The program was also reviewed annually by representatives from the Nebraska State Patrol, the Keith County Sheriff, and the Ogallala Police Department (members for the Board of Directors for the Fund).

## COUNTY BOARD

---

### County Claims

Neb. Rev. Stat. § 23-3108 (Reissue 2007) states, "...purchases of personal property or services by the county board or purchasing agent shall be made: (a) Through the competitive sealed bidding process prescribed in section 23-3111 if the estimated value of the purchase is twenty thousand dollars or more."

Good internal control requires all claims approved by the County Board be supported by adequate documentation.

During testing of County claims we noted the following:

- One claim of \$95,412 for equipment purchased through the North Central Emergency Management Region where no sealed bids were obtained by either Keith County or the North Central Emergency Management Region. Verbal bids were received from two vendors.
- Two claims totaling \$6,407, paid to the Keith County Chamber of Commerce for Visitor Promotion services which did not have adequate supporting documentation for \$1,971 of the claims.
- Claims of \$40 for uniform allowance which could not be traced to supporting documentation.

When bidding requirements are not met, the County is not in compliance with State Statute. In addition, when adequate supporting documentation is not obtained, there is an increased risk that expenditures are not allowable or proper.

We recommend the County Board ensure bidding requirements are met on all purchases and all claims paid are supported with adequate documentation.

*Emergency Manager's Response: Keith County only acts as the fiscal "pass through" agent for Homeland Security Grants for the 22 county North Central Emergency Management Region. Custer County Emergency Manager and Chair of the Emergency Management Region submitted the following information:*

*At our regional meeting I had brought up that Custer County would be interested in a lighting unit to be purchased with Homeland Security Grants. I had researched the unit, cost and found that Allmand Brothers had a lighting unit that best meets the needs of the county. That cost being \$12,564 and under the competitive bidding process. After a group discussion it came out that this would be ideal for the region as a whole. I made a motion that the region buy 8 units to be placed strategically through the region. The idea being that they would be in 8 separate*

*counties and readily accessible for mutual aid if needed. The Light units would also be owned and on each counties inventory as required by FEMA and NEMA. After further discussion it was approved as I had asked and the order was placed by me. It did not occur to me or other regional representatives that the competitive process would need to be followed due to the locations, ownership, and placement of the lighting units.*

*The Region did not discuss a competitive process procedure being initiated nor did the Region try to sidestep the process. The decision to purchase the units was done with what we believed was within Nebraska State statute.*

*I apologize for any inconvenience this has caused for Keith County, the State of Nebraska, and the Auditor.*

### **Subrecipient Monitoring**

Good internal control requires monitoring of money given to subrecipients to ensure it is spent appropriately.

The County paid \$60,000 per year to the Sandhills District Health Department; however, the County did not receive an audit or any other type of documentation to indicate how the money was spent.

When subrecipients are not adequately monitored there is an increased risk of loss, misuse, or theft of County funds.

We recommend the County Board require the Sandhills District Health Department to have an audit completed, or implement other review procedures.

*County Board's Response: Sandhills District Health Department (SDHD) board of directors includes one county commissioner from each of the five member counties. Keith County has had a commissioner member on that board who does receive the monthly financial reports and the board is advised of the status of SDHD on a regular basis. Actual financial reports have not been presented to the Clerk for inclusion in official board documents.*

*As of July 1, 2010 SDHD is eligible for receiving Bio-terrorism grant monies and, in connection with that grant, an audit is planned for this fiscal year.*

### **Inventory Filings**

Neb. Rev. Stat. § 23-347 (Reissue 2007) states, "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..."

During review of the inventories required to be filed by August 31, 2009, we noted 3 of 14 offices did not file inventory reports on time:

- Extension Office – Filed September 9, 2009
- Emergency Manager – Filed April 4, 2010
- Clerk of the District Court – Not filed

When inventories are not filed with the County Board timely or not at all, the County is not in compliance with State Statute, and there is an increased risk of loss, theft, or misuse of County assets.

We recommend the County Board implement procedures to ensure all inventory statements are filed as required by State Statute.

## **COUNTY SHERIFF**

---

### **Accounting Procedures**

Good internal control requires all checks received be immediately receipted, restrictively endorsed and deposited to the bank on a timely basis. Additionally, adequate records must be maintained in order to ensure all daily service forms (Day Books) are accounted for, and that amounts due are billed and collected.

During our audit we noted the following:

- During a cash count on July 19, 2010, we noted:
  - 40 of 42 checks on hand, totaling \$2,721, had not yet been receipted.
  - All 42 checks on hand were not restrictively endorsed.
  - Deposits were not made on a timely basis. We noted undeposited checks on hand dating back to April 2010.
- The County Sheriff did not maintain a written record of Day Book forms utilized to ensure they were receipted or billing statements were mailed out.

Without proper controls over receipting and billing procedures there is an increased risk of theft, loss or misuse of County funds.

We recommend the County Sheriff implement procedures to ensure all money received is receipted, all checks are restrictively endorsed, deposits are made in a timely manner, and that all Day Book forms are adequately tracked to ensure proper collection and billings are completed.

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

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

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

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

Sincerely,

Signed Original on File

Deann Haeffner, CPA  
Assistant Deputy Auditor