

**AUDIT REPORT
OF
OTOE COUNTY**

JULY 1, 2011 THROUGH JUNE 30, 2012

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the Auditor of Public Accounts.**

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Issued on January 31, 2013

OTOE COUNTY

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OTOE COUNTY

LIST OF COUNTY OFFICIALS

At June 30, 2012

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



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OTOE COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Otoe County, Nebraska

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Otoe County, as of and for the year ended June 30, 2012, which collectively comprise the basic financial statements of the County, 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 consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly we express no such opinion. 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 generally accepted in the United States of America.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective cash position of the governmental activities, each major fund, and the aggregate remaining fund information of Otoe County, as of June 30, 2012, and the respective changes in cash basis financial position thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2013, on our consideration of Otoe County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the 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.

SIGNED ORIGINAL ON FILE

January 29, 2013

Deann Haeffner, CPA
Assistant Deputy Auditor

OTOE COUNTY
STATEMENT OF NET ASSETS - CASH BASIS
 June 30, 2012

		Governmental Activities
<hr/>		
ASSETS		
Cash and Cash Equivalents (Note 1.D)	\$	2,876,831
Investments (Note 1.D)		5,137
TOTAL ASSETS	\$	2,881,968
<hr/> <hr/>		
NET ASSETS		
Restricted for:		
Visitor Promotion	\$	7,642
911 Emergency Services		188,278
Drug Education		6,274
Law Enforcement		64,876
Unrestricted		2,614,898
TOTAL NET ASSETS	\$	2,881,968
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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, 2012

Functions:	Cash Disbursements	<u>Program Cash Receipts</u>		Net (Disbursement)
		<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Receipts and Changes in Net Assets</u>
Governmental Activities:				
General Government	\$ (3,513,780)	\$ 482,134	\$ 96,273	\$ (2,935,373)
Public Safety	(2,252,148)	54,160	950,395	(1,247,593)
Public Works	(6,395,874)	-	1,550,017	(4,845,857)
Health and Sanitation	(27,516)	-	-	(27,516)
Public Assistance	(173,623)	-	18,011	(155,612)
Culture and Recreation	(91,611)	-	-	(91,611)
Debt Payments	(268,354)	-	-	(268,354)
Total Governmental Activities	<u><u>\$ (12,722,906)</u></u>	<u><u>\$ 536,294</u></u>	<u><u>\$ 2,614,696</u></u>	<u><u>(9,571,916)</u></u>
 General Receipts:				
Property Taxes				6,338,812
Grants and Contributions Not Restricted to Specific Programs				612,547
Investment Income				18,777
Licenses and Permits				70,223
Bond Proceeds				2,509,425
Miscellaneous				189,004
Total General Receipts				<u><u>9,738,788</u></u>
 Change in Net Assets				
				166,872
Net Assets - Beginning				2,715,096
Net Assets - Ending				<u><u>\$ 2,881,968</u></u>

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

OTOE COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
June 30, 2012

	<u>General Fund</u>	<u>Road Fund</u>	<u>Inheritance Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents (Note 1.D)	\$ 1,140,281	\$ 124,920	\$ 942,751	\$ 668,879	\$ 2,876,831
Investments (Note 1.D)	-	-	5,137	-	5,137
TOTAL ASSETS	<u><u>\$ 1,140,281</u></u>	<u><u>\$ 124,920</u></u>	<u><u>\$ 947,888</u></u>	<u><u>\$ 668,879</u></u>	<u><u>\$ 2,881,968</u></u>
FUND BALANCES					
Restricted for:					
Visitor Promotion	\$ -	\$ -	\$ -	\$ 7,642	\$ 7,642
911 Emergency Services	-	-	-	188,278	188,278
Drug Education	-	-	-	6,274	6,274
Law Enforcement	-	-	-	64,876	64,876
Committed to:					
Law Enforcement	-	-	-	16,427	16,427
Road Maintenance	-	124,920	-	-	124,920
County Buildings	-	-	-	102,282	102,282
Landfill Closure	-	-	-	235,861	235,861
Special Projects	-	-	-	47,239	47,239
Assigned to:					
Other Purposes	-	-	947,888	-	947,888
Unassigned	<u>1,140,281</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,140,281</u>
TOTAL CASH BASIS FUND BALANCES	<u><u>\$ 1,140,281</u></u>	<u><u>\$ 124,920</u></u>	<u><u>\$ 947,888</u></u>	<u><u>\$ 668,879</u></u>	<u><u>\$ 2,881,968</u></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, 2012

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Property Taxes	\$ 5,345,804	\$ 262	\$ 801,938	\$ 190,808	\$ 6,338,812
Licenses and Permits	69,273	950	-	-	70,223
Interest	16,200	2,480	-	97	18,777
Intergovernmental	765,863	1,608,453	844,177	8,750	3,227,243
Charges for Services	536,294	-	-	-	536,294
Miscellaneous	59,092	2,533,831	-	105,506	2,698,429
TOTAL RECEIPTS	<u>6,792,526</u>	<u>4,145,976</u>	<u>1,646,115</u>	<u>305,161</u>	<u>12,889,778</u>
DISBURSEMENTS					
General Government	2,835,051	-	576,985	101,744	3,513,780
Public Safety	2,145,415	-	-	106,733	2,252,148
Public Works	38,772	5,279,509	1,051,674	25,919	6,395,874
Health and Sanitation	27,516	-	-	-	27,516
Public Assistance	173,623	-	-	-	173,623
Culture and Recreation	5,084	-	-	86,527	91,611
Debt Service:					
Principal Payments	-	140,000	-	-	140,000
Interest and Fiscal Charges	-	128,354	-	-	128,354
TOTAL DISBURSEMENTS	<u>5,225,461</u>	<u>5,547,863</u>	<u>1,628,659</u>	<u>320,923</u>	<u>12,722,906</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,567,065</u>	<u>(1,401,887)</u>	<u>17,456</u>	<u>(15,762)</u>	<u>166,872</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	1,526,763	-	-	1,526,763
Transfers out	(1,526,763)	-	-	-	(1,526,763)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,526,763)</u>	<u>1,526,763</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	40,302	124,876	17,456	(15,762)	166,872
CASH BASIS FUND BALANCES - BEGINNING	<u>1,099,979</u>	<u>44</u>	<u>930,432</u>	<u>684,641</u>	<u>2,715,096</u>
CASH BASIS FUND BALANCES - ENDING	<u>\$ 1,140,281</u>	<u>\$ 124,920</u>	<u>\$ 947,888</u>	<u>\$ 668,879</u>	<u>\$ 2,881,968</u>

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

OTOE COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
CASH BASIS
FIDUCIARY FUNDS
 June 30, 2012

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 1,601,162
LIABILITIES	
Due to other governments:	
State	280,179
Schools	1,001,808
Educational Service Units	6,919
Technical College	10,894
Natural Resource Districts	7,180
Fire Districts	3,439
Municipalities	65,358
Agricultural Society	763
Sanitary and Improvement Districts	14,513
Hospital	906
Others	209,203
TOTAL LIABILITIES	1,601,162
TOTAL NET ASSETS	\$ -

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

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2012

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

Joint Organization.

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

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$55,008 toward the operation of the Region during fiscal year 2012.

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 Southeast District Health Department (Department) to provide public health services. Agreements were established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636 (Reissue 2009, Supp. 2011).

The Department's governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. The County did not contribute toward the operation of the Department during fiscal year 2012. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is required to be audited annually in accordance with Neb. Rev. Stat. § 84-304(4) (Reissue 2008). Financial information for the Department is available in that report.

B. Basis of Presentation

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

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

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 which is primarily funded by State tax receipts.

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

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

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

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

The County designates fund balances as:

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

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

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

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

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

C. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The accounting records of the County are maintained and the government-wide financial statements were reported on the basis of cash receipts and disbursements. As such, the measurement focus includes only those assets and fund balances arising from cash transactions on the Statement of Net Assets - Cash Basis and the Statement of Activities - Cash Basis. Receipts are recognized when received and disbursements are recognized when warrants are paid. This differs from governmental GAAP, which requires the government-wide and fiduciary fund financial statements to be reported using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus and basis of accounting receipts are recorded when earned and disbursements are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

D. Assets and Net Assets

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

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

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

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

Restricted Net 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 \$267,070 of restricted net assets, of which \$202,194 is restricted by enabling legislation.

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

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

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Concluded)

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 2009).

At year end, the County's carrying amount of deposits was \$2,876,831 for County funds and \$1,460,050 for Fiduciary funds. The bank balances for all funds totaled \$4,331,740. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2012, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

The County's carrying value of investments are stated at cost, which approximates market. Investments consisted of \$5,137 deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a seven member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income which has accrued to each participant is converted as of the close of business of each calendar month into additional units which thereafter are held in each participant's trust account. Since net income of the fund is allocated among participant's each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name.

3. Property Taxes

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

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

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. Property Taxes (Concluded)

The levy set in October 2011, for the 2011 taxes, which will be materially collected in May and September 2012, was set at \$.336036/\$100 of assessed valuation. The levy set in October 2010, for the 2010 taxes, which were materially collected in May and September 2011, was set at \$.336985/\$100 of assessed valuation. The amount collected for motor vehicle tax is outlined in State statute.

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

4. Retirement System

The Retirement System for Nebraska Counties (the Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2335 (Reissue 2007, Cum. Supp. 2010, Supp. 2011) and may be amended through legislative action.

Participation in the Plan is required of all full-time employees. Part-time (working less than one-half of the regularly scheduled hours) employees may elect voluntary participation upon reaching age 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. Prior service benefits are paid directly by the County to the retired employee.

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

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

4. Retirement System (Concluded)

For the year ended June 30, 2012, 108 employees contributed \$164,604, and the County contributed \$242,940. Contributions included \$7,939 in cash contributions towards the supplemental law enforcement plan for 15 law enforcement employees. Lastly, the County paid \$1,766 directly to 14 retired employees for prior service benefits.

5. Risk Management

The County is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has purchased commercial insurance to cover the risk of loss and believes adequate coverage exists for potential exposures. There was no significant reduction of insurance coverage from the prior year and the County did not incur any expenses which exceeded the coverage amount for the year ended June 30, 2012.

6. Interfund Transfers

Interfund transfers for the year ended June 30, 2012, consisted of transfers to the Road Fund of \$1,526,763 from the General Fund.

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

7. Capital Leases Payable

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

	Kenworth Tractor– NACO Lease	Kenworth Dump Truck and Plow – NACO Lease	Caterpillar Motor Grader – NACO Lease	Dual Tandem Gooseneck Trailer	Total
Balance July 1, 2011	\$ 65,253	\$ 128,835	\$ -	\$ -	\$ 194,088
Purchases	-	-	127,139	8,575	135,714
Payments	15,695	28,182	18,617	1,413	63,907
Balance June 30, 2012	<u>\$ 49,558</u>	<u>\$ 100,653</u>	<u>\$ 108,522</u>	<u>\$ 7,162</u>	<u>\$ 265,895</u>

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

7. Capital Leases Payable (Concluded)

	<u>Kenworth Tractor– NACO Lease</u>	<u>Kenworth Dump Truck and Plow – NACO Lease</u>	<u>Caterpillar Motor Grader – NACO Lease</u>	<u>Dual Tandem Gooseneck Trailer</u>	<u>Total</u>
Future Payments:					
Year					
2013	\$ 17,177	\$ 30,502	\$ 26,232	\$ 7,162	\$ 81,073
2014	17,177	30,502	26,232	-	73,911
2015	17,176	30,502	26,232	-	73,910
2016	-	12,709	26,232	-	38,941
2017	-	-	6,558	-	6,558
Total Payments	51,530	104,215	111,486	7,162	274,393
Less Interest	1,972	3,562	2,964	-	8,498
Present Value of Future Minimum Lease Payments	<u>\$ 49,558</u>	<u>\$ 100,653</u>	<u>\$ 108,522</u>	<u>\$ 7,162</u>	<u>\$ 265,895</u>
Carrying Value of the related Fixed Asset	<u>\$ 80,152</u>	<u>\$ 139,684</u>	<u>\$ 124,599</u>	<u>\$ 8,575</u>	<u>\$ 353,010</u>

8. Landfill Postclosure Care Costs

The County owns a solid waste disposal area which discontinued operations in 1993. The County must adhere to certain closure and postclosure care requirements under legislation, including monitoring the groundwater conditions and general site maintenance. The County maintains a Landfill Fund to account for these disbursements. The Landfill Fund balance at June 30, 2012, was \$235,861. The County anticipates the Landfill Fund to have sufficient funds to cover future expenses of the disposal site.

9. Long-Term Debt

The County issued highway bonds in July 2009 in the amount of \$2,535,000 for the purpose of paying the costs associated with road projects in the County. The bond payable balance, as of June 30, 2012, was \$2,110,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds, although the County intends to use future highway allocation resources to pay off the bonds.

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

9. Long-Term Debt (Concluded)

Future Payments:

Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 145,000	\$ 80,048	\$ 225,048
2014	150,000	76,495	226,495
2015	155,000	72,220	227,220
2016	160,000	67,415	227,415
2017	165,000	62,055	227,055
2018-2022	915,000	210,995	1,125,995
2023-2027	420,000	28,370	448,370
Total Payments	<u><u>\$ 2,110,000</u></u>	<u><u>\$ 597,598</u></u>	<u><u>\$ 2,707,598</u></u>

The County issued highway bonds in October 2011 in the amount of \$2,550,000 for the purpose of paying the costs associated with road projects in the County. The bond payable balance, as of June 30, 2012, was \$2,550,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds, although the County intends to use future highway allocation resources to pay off the bonds.

Future Payments:

Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 130,000	\$ 71,228	\$ 201,228
2014	130,000	70,253	200,253
2015	130,000	68,953	198,953
2016	135,000	67,133	202,133
2017	135,000	64,703	199,703
2018-2022	740,000	271,160	1,011,160
2023-2027	1,150,000	120,448	1,270,448
Total Payments	<u><u>\$ 2,550,000</u></u>	<u><u>\$ 733,878</u></u>	<u><u>\$ 3,283,878</u></u>

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 5,505,205	\$ 5,505,205	\$ 5,345,804	\$ (159,401)
Licenses and Permits	67,000	67,000	69,273	2,273
Interest	15,000	15,000	16,200	1,200
Intergovernmental	737,410	737,410	765,863	28,453
Charges for Services	480,250	480,250	536,294	56,044
Miscellaneous	565,000	565,000	59,092	(505,908)
TOTAL RECEIPTS	<u>7,369,865</u>	<u>7,369,865</u>	<u>6,792,526</u>	<u>(577,339)</u>
DISBURSEMENTS				
General Government:				
County Board	106,925	106,925	106,554	371
County Clerk	91,164	91,164	90,784	380
County Treasurer	199,966	199,966	192,957	7,009
Register of Deeds	108,657	108,657	107,057	1,600
County Assessor	229,968	229,968	226,100	3,868
Election Commissioner	81,039	81,039	70,647	10,392
Planning Commission	49,714	49,714	42,875	6,839
Data Processing Department	131,600	131,600	114,999	16,601
Clerk of the District Court	98,909	98,909	93,207	5,702
County Judge	11,324	11,324	8,289	3,035
Building and Grounds	162,550	162,550	147,128	15,422
Public Defender	133,311	133,311	132,701	610
Coroner	22,800	22,800	10,854	11,946
Child Support	61,648	61,648	60,889	759
Agricultural Extension Agent	90,428	90,428	90,315	113
Miscellaneous	1,459,500	1,459,500	1,339,695	119,805
Public Safety:				
County Sheriff	974,606	974,606	966,302	8,304
County Attorney	199,860	199,860	198,306	1,554
Juvenile Diversion Program	66,810	66,810	62,685	4,125
County Jail	648,400	648,400	638,587	9,813
Emergency Management	113,165	113,165	96,176	16,989
Nuclear Accident Emergency Prepared	30,400	30,400	28,279	2,121
Emergency Equipment	865,000	865,000	50,515	814,485
Miscellaneous	114,568	114,568	104,565	10,003

(Continued)

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public Works:				
County Surveyor	45,665	45,665	38,772	6,893
Public Health:				
Miscellaneous	29,991	29,991	27,516	2,475
Public Assistance:				
Veterans' Service Officer	64,838	64,838	58,618	6,220
Veterans' Aid	12,350	12,350	8,507	3,843
County Relief	38,000	38,000	15,836	22,164
Welfare Assistance Administration Office	47,000	47,000	44,668	2,332
Miscellaneous	47,700	47,700	45,994	1,706
Culture and Recreation:				
County Museum	5,225	5,225	5,084	141
TOTAL DISBURSEMENTS	<u>6,343,081</u>	<u>6,343,081</u>	<u>5,225,461</u>	<u>1,117,620</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,026,784</u>	<u>1,026,784</u>	<u>1,567,065</u>	<u>540,281</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(1,526,763)	(1,526,763)	(1,526,763)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,526,763)</u>	<u>(1,526,763)</u>	<u>(1,526,763)</u>	<u>-</u>
Net Change in Fund Balance	(499,979)	(499,979)	40,302	540,281
FUND BALANCE - BEGINNING	<u>1,099,979</u>	<u>1,099,979</u>	<u>1,099,979</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 600,000</u>	<u>\$ 600,000</u>	<u>\$ 1,140,281</u>	<u>\$ 540,281</u>

(Concluded)

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Taxes	\$ -	\$ -	\$ 262	\$ 262
Licenses and Permits	-	-	950	950
Interest	-	-	2,480	2,480
Intergovernmental	1,520,000	1,520,000	1,608,453	88,453
Miscellaneous	2,507,200	2,507,200	2,533,831	26,631
TOTAL RECEIPTS	<u>4,027,200</u>	<u>4,027,200</u>	<u>4,145,976</u>	<u>118,776</u>
DISBURSEMENTS	<u>5,554,007</u>	<u>5,554,007</u>	<u>5,547,863</u>	<u>6,144</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(1,526,807)</u>	<u>(1,526,807)</u>	<u>(1,401,887)</u>	<u>124,920</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,526,763	1,526,763	1,526,763	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,526,763</u>	<u>1,526,763</u>	<u>1,526,763</u>	<u>-</u>
Net Change in Fund Balance	(44)	(44)	124,876	124,920
FUND BALANCE - BEGINNING	44	44	44	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,920</u>	<u>\$ 124,920</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 500,000	\$ 500,000	\$ 801,938	\$ 301,938
Intergovernmental	500,000	500,000	844,177	344,177
Miscellaneous	51,053	51,053	-	(51,053)
TOTAL RECEIPTS	<u>1,051,053</u>	<u>1,051,053</u>	<u>1,646,115</u>	<u>595,062</u>
DISBURSEMENTS	<u>1,981,485</u>	<u>1,981,485</u>	<u>1,628,659</u>	<u>352,826</u>
Net Change in Fund Balance	(930,432)	(930,432)	17,456	947,888
FUND BALANCE - BEGINNING	930,432	930,432	930,432	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 947,888</u>	<u>\$ 947,888</u>

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>VISITOR'S PROMOTION FUND</u>				
RECEIPTS	\$ 96,994	\$ 96,994	\$ 88,163	\$ (8,831)
DISBURSEMENTS	103,000	103,000	86,527	16,473
Net Change in Fund Balance	(6,006)	(6,006)	1,636	7,642
FUND BALANCE - BEGINNING	6,006	6,006	6,006	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,642</u>	<u>\$ 7,642</u>
<u>DIVERSION PROGRAM FUND</u>				
RECEIPTS	\$ 27,163	\$ 27,163	\$ 8,750	\$ (18,413)
DISBURSEMENTS	40,000	40,000	17,126	22,874
Net Change in Fund Balance	(12,837)	(12,837)	(8,376)	4,461
FUND BALANCE - BEGINNING	12,837	12,837	12,837	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,461</u>	<u>\$ 4,461</u>
<u>DRUG LAW ENFORCEMENT FUND</u>				
RECEIPTS	\$ 43,599	\$ 43,599	\$ 872	\$ (42,727)
DISBURSEMENTS	50,000	50,000	999	49,001
Net Change in Fund Balance	(6,401)	(6,401)	(127)	6,274
FUND BALANCE - BEGINNING	6,401	6,401	6,401	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,274</u>	<u>\$ 6,274</u>
<u>FEDERAL DRUG LAW ENFORCEMENT FUND</u>				
RECEIPTS	\$ 242,248	\$ 242,248	\$ 4,512	\$ (237,736)
DISBURSEMENTS	250,000	250,000	530	249,470
Net Change in Fund Balance	(7,752)	(7,752)	3,982	11,734
FUND BALANCE - BEGINNING	7,752	7,752	7,752	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,734</u>	<u>\$ 11,734</u>

(Continued)

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>LOCAL GRANTS SHERIFF FUND</u>				
RECEIPTS	\$ 271,611	\$ 271,611	\$ 12,757	\$ (258,854)
DISBURSEMENTS	285,000	285,000	14,180	270,820
Net Change in Fund Balance	(13,389)	(13,389)	(1,423)	11,966
FUND BALANCE - BEGINNING	13,389	13,389	13,389	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,966</u>	<u>\$ 11,966</u>
<u>HOMELAND SECURITY GRANT FUND</u>				
RECEIPTS	\$ 451,149	\$ 451,149	\$ -	\$ (451,149)
DISBURSEMENTS	500,000	500,000	-	500,000
Net Change in Fund Balance	(48,851)	(48,851)	-	48,851
FUND BALANCE - BEGINNING	48,851	48,851	48,851	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,851</u>	<u>\$ 48,851</u>
<u>FEDERAL GRANT SHERIFF FUND</u>				
RECEIPTS	\$ 95,709	\$ 95,709	\$ -	\$ (95,709)
DISBURSEMENTS	100,000	100,000	-	100,000
Net Change in Fund Balance	(4,291)	(4,291)	-	4,291
FUND BALANCE - BEGINNING	4,291	4,291	4,291	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,291</u>	<u>\$ 4,291</u>
<u>KENO LOTTERY FUND</u>				
RECEIPTS	\$ 20,000	\$ 20,000	\$ 15,662	\$ (4,338)
DISBURSEMENTS	55,130	55,130	3,553	51,577
Net Change in Fund Balance	(35,130)	(35,130)	12,109	47,239
FUND BALANCE - BEGINNING	35,130	35,130	35,130	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,239</u>	<u>\$ 47,239</u>

(Continued)

OTOE COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>911 WIRELESS SERVICE FUND</u>				
RECEIPTS	\$ 35,205	\$ 35,205	\$ 35,204	\$ (1)
DISBURSEMENTS	49,839	49,839	14,988	34,851
Net Change in Fund Balance	(14,634)	(14,634)	20,216	34,850
FUND BALANCE - BEGINNING	14,634	14,634	14,634	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,850</u>	<u>\$ 34,850</u>
<u>BUILDING MAINTENANCE FUND</u>				
RECEIPTS	\$ 93,600	\$ 93,600	\$ 71,800	\$ (21,800)
DISBURSEMENTS	222,273	222,273	98,191	124,082
Net Change in Fund Balance	(128,673)	(128,673)	(26,391)	102,282
FUND BALANCE - BEGINNING	128,673	128,673	128,673	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,282</u>	<u>\$ 102,282</u>
<u>LANDFILL FUND</u>				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	261,780	261,780	25,919	235,861
Net Change in Fund Balance	(261,780)	(261,780)	(25,919)	235,861
FUND BALANCE - BEGINNING	261,780	261,780	261,780	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 235,861</u>	<u>\$ 235,861</u>
<u>911 SURCHARGE FUND</u>				
RECEIPTS	\$ 70,000	\$ 70,000	\$ 67,441	\$ (2,559)
DISBURSEMENTS	214,897	214,897	58,910	155,987
Net Change in Fund Balance	(144,897)	(144,897)	8,531	153,428
FUND BALANCE - BEGINNING	144,897	144,897	144,897	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,428</u>	<u>\$ 153,428</u>

(Concluded)

OTOE COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012

	Visitor's Promotion Fund	Diversion Program Fund	Drug Law Enforcement Fund	Federal Drug Law Enforcement Fund	Local Grants Sheriff Fund	Homeland Security Grant Fund	Federal Grant Sheriff Fund
RECEIPTS							
Property Taxes	\$ 88,163	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	9	-	-	-	-
Intergovernmental	-	8,750	-	-	-	-	-
Miscellaneous	-	-	863	4,512	12,757	-	-
TOTAL RECEIPTS	<u>88,163</u>	<u>8,750</u>	<u>872</u>	<u>4,512</u>	<u>12,757</u>	<u>-</u>	<u>-</u>
DISBURSEMENTS							
General Government	-	-	-	-	-	-	-
Public Safety	-	17,126	999	530	14,180	-	-
Public Works	-	-	-	-	-	-	-
Culture and Recreation	86,527	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>86,527</u>	<u>17,126</u>	<u>999</u>	<u>530</u>	<u>14,180</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,636</u>	<u>(8,376)</u>	<u>(127)</u>	<u>3,982</u>	<u>(1,423)</u>	<u>-</u>	<u>-</u>
FUND BALANCES - BEGINNING	<u>6,006</u>	<u>12,837</u>	<u>6,401</u>	<u>7,752</u>	<u>13,389</u>	<u>48,851</u>	<u>4,291</u>
FUND BALANCES - ENDING	<u>\$ 7,642</u>	<u>\$ 4,461</u>	<u>\$ 6,274</u>	<u>\$ 11,734</u>	<u>\$ 11,966</u>	<u>\$ 48,851</u>	<u>\$ 4,291</u>
FUND BALANCES:							
Restricted for:							
Visitor Promotion	\$ 7,642	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
911 Emergency Services	-	-	-	-	-	-	-
Drug Education	-	-	6,274	-	-	-	-
Law Enforcement	-	-	-	11,734	-	48,851	4,291
Committed to:							
Law Enforcement	-	4,461	-	-	11,966	-	-
County Buildings	-	-	-	-	-	-	-
Landfill Closure	-	-	-	-	-	-	-
Special Projects	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 7,642</u>	<u>\$ 4,461</u>	<u>\$ 6,274</u>	<u>\$ 11,734</u>	<u>\$ 11,966</u>	<u>\$ 48,851</u>	<u>\$ 4,291</u>

(Continued)

OTOE COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012

	Keno Lottery Fund	911 Wireless Service Fund	Building Maintenance Fund	Landfill Fund	911 Surcharge Fund	Total Nonmajor Governmental Funds
RECEIPTS						
Property Taxes	\$ -	\$ 35,204	\$ -	\$ -	\$ 67,441	\$ 190,808
Interest	88	-	-	-	-	97
Intergovernmental	-	-	-	-	-	8,750
Miscellaneous	15,574	-	71,800	-	-	105,506
TOTAL RECEIPTS	<u>15,662</u>	<u>35,204</u>	<u>71,800</u>	<u>-</u>	<u>67,441</u>	<u>305,161</u>
DISBURSEMENTS						
General Government	3,553	-	98,191	-	-	101,744
Public Safety	-	14,988	-	-	58,910	106,733
Public Works	-	-	-	25,919	-	25,919
Culture and Recreation	-	-	-	-	-	86,527
TOTAL DISBURSEMENTS	<u>3,553</u>	<u>14,988</u>	<u>98,191</u>	<u>25,919</u>	<u>58,910</u>	<u>320,923</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>12,109</u>	<u>20,216</u>	<u>(26,391)</u>	<u>(25,919)</u>	<u>8,531</u>	<u>(15,762)</u>
FUND BALANCES - BEGINNING	<u>35,130</u>	<u>14,634</u>	<u>128,673</u>	<u>261,780</u>	<u>144,897</u>	<u>684,641</u>
FUND BALANCES - ENDING	<u>\$ 47,239</u>	<u>\$ 34,850</u>	<u>\$ 102,282</u>	<u>\$ 235,861</u>	<u>\$ 153,428</u>	<u>\$ 668,879</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,642
911 Emergency Services	-	34,850	-	-	153,428	188,278
Drug Education	-	-	-	-	-	6,274
Law Enforcement	-	-	-	-	-	64,876
Committed to:						
Law Enforcement	-	-	-	-	-	16,427
County Buildings	-	-	102,282	-	-	102,282
Landfill Closure	-	-	-	235,861	-	235,861
Special Projects	47,239	-	-	-	-	47,239
TOTAL FUND BALANCES	<u>\$ 47,239</u>	<u>\$ 34,850</u>	<u>\$ 102,282</u>	<u>\$ 235,861</u>	<u>\$ 153,428</u>	<u>\$ 668,879</u>

(Concluded)

OTOE COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2012

	County Clerk	Register of Deeds	Clerk of the District Court	County Sheriff	County Attorney	Child Support Enforcement	County Keno	Emergency Manager	County Assessor	Total
BALANCES JULY 1, 2011	\$ 789	\$ 10,960	\$ 70,162	\$ 6,475	\$ 7,390	\$ 205	\$ 4,740	\$ -	\$ -	\$ 100,721
RECEIPTS										
Licenses and Permits	1,605	-	-	1,365	-	-	-	-	-	2,970
Charges for Services	2,904	100,269	31,971	47,789	1,900	-	-	-	-	184,833
Miscellaneous	-	-	-	-	-	-	12,196	275	1,389	13,860
State Fees	113	98,251	22,186	-	-	-	3,303	-	-	123,853
Other Liabilities	-	-	1,901,251	13,187	35,318	2,222	149,669	537	-	2,102,184
TOTAL RECEIPTS	4,622	198,520	1,955,408	62,341	37,218	2,222	165,168	812	1,389	2,427,700
DISBURSEMENTS										
Payments to County Treasurer	4,420	97,814	32,214	44,716	1,930	-	12,283	-	1,389	194,766
Payments to State Treasurer	113	96,907	22,435	-	-	-	3,283	-	-	122,738
Other Liabilities	-	-	1,827,873	15,776	39,764	2,127	140,528	537	-	2,026,605
TOTAL DISBURSEMENTS	4,533	194,721	1,882,522	60,492	41,694	2,127	156,094	537	1,389	2,344,109
BALANCES JUNE 30, 2012	<u>\$ 878</u>	<u>\$ 14,759</u>	<u>\$ 143,048</u>	<u>\$ 8,324</u>	<u>\$ 2,914</u>	<u>\$ 300</u>	<u>\$ 13,814</u>	<u>\$ 275</u>	<u>\$ -</u>	<u>\$ 184,312</u>
BALANCES CONSIST OF:										
Due to County Treasurer	\$ 371	\$ 7,434	\$ 1,836	\$ 7,130	\$ 160	\$ -	\$ 886	\$ -	\$ -	\$ 17,817
Petty Cash	500	20	100	1,000	650	300	-	275	-	2,845
Due to State Treasurer	7	7,305	1,790	-	-	-	219	-	-	9,321
Due to Others	-	-	139,322	194	2,104	-	12,709	-	-	154,329
BALANCES JUNE 30, 2012	<u>\$ 878</u>	<u>\$ 14,759</u>	<u>\$ 143,048</u>	<u>\$ 8,324</u>	<u>\$ 2,914</u>	<u>\$ 300</u>	<u>\$ 13,814</u>	<u>\$ 275</u>	<u>\$ -</u>	<u>\$ 184,312</u>

OTOE COUNTY
**SCHEDULE OF TAXES CERTIFIED AND COLLECTED FOR ALL
POLITICAL SUBDIVISIONS IN THE COUNTY**

June 30, 2012

Item	2007	2008	2009	2010	2011
Tax Certified by Assessor					
Real Estate	\$ 20,196,224	\$ 21,416,952	\$ 22,076,572	\$ 22,956,444	\$ 24,897,595
Personal and Specials	1,712,848	1,927,612	1,898,067	2,092,967	2,056,157
Total	<u>21,909,072</u>	<u>23,344,564</u>	<u>23,974,639</u>	<u>25,049,411</u>	<u>26,953,752</u>
Corrections					
Additions	9,784	7,943	14,790	12,590	4,257
Deductions	(47,871)	(68,556)	(22,745)	(25,639)	(7,117)
Net Additions/ (Deductions)	<u>(38,087)</u>	<u>(60,613)</u>	<u>(7,955)</u>	<u>(13,049)</u>	<u>(2,860)</u>
Corrected Certified Tax	<u>21,870,985</u>	<u>23,283,951</u>	<u>23,966,684</u>	<u>25,036,362</u>	<u>26,950,892</u>
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2008	12,825,859	-	-	-	-
June 30, 2009	9,032,999	13,776,710	-	-	-
June 30, 2010	397	9,472,525	14,181,136	-	-
June 30, 2011	4,025	9,781	9,756,431	15,109,973	-
June 30, 2012	1,808	8,098	6,935	9,890,948	16,535,584
Total Net Collections	<u>21,865,088</u>	<u>23,267,114</u>	<u>23,944,502</u>	<u>25,000,921</u>	<u>16,535,584</u>
Total Uncollected Tax	<u>\$ 5,897</u>	<u>\$ 16,837</u>	<u>\$ 22,182</u>	<u>\$ 35,441</u>	<u>\$ 10,415,308</u>
Percentage Uncollected Tax	<u>0.03%</u>	<u>0.07%</u>	<u>0.09%</u>	<u>0.14%</u>	<u>38.65%</u>

OTOE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF HOMELAND SECURITY		
Passed through Nebraska Military Department		
Disaster Grants - Public Assistance	97.036	* \$ 1,919,267
Emergency Management Performance Grants	97.042	<u>36,900</u>
Total U.S. Department of Homeland Security		<u>1,956,167</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Passed through Nebraska Department of Health and Human Services		
Child Support Enforcement	93.563	65,010
Medical Assistance Program	93.778	<u>18,011</u>
Total U.S. Department of Health and Human Services		<u>83,021</u>
U.S. DEPARTMENT OF ENERGY		
Passed through Nebraska Energy Office		
Energy Efficiency and Conservation Block Grant Program	81.128	<u>95,781</u>
Total U.S. Department of Transportation		<u>95,781</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u><u>\$ 2,134,969</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

1. **General**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the activity of all Federal awards programs of Otoe County (County), except as noted in Note 2 below. The County's reporting entity is defined in Note 1.A. to the County's financial statements. Federal awards received directly from Federal agencies, as well as those passed through other government agencies, are included in the Schedule. Unless otherwise noted on the Schedule, all programs are received directly from the respective Federal agency. Due to the operations of the County, the accumulation of amounts passed to subrecipients by the County is not practical.

2. **Summary of Significant Accounting Policies**

A. **Reporting Entity**

The County's reporting entity is defined in Note 1.A. to the financial statements. The accompanying Schedule includes the Federal awards programs administered by the County for the fiscal year ended June 30, 2012.

B. **Basis of Presentation**

The accompanying Schedule presents total expenditures for each Federal awards program in accordance with the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements. Federal program titles are reported as presented in the Catalog of Federal Domestic Assistance (CFDA), whenever possible.

Federal Awards. Pursuant to OMB Circular A-133, Federal awards are defined as assistance provided by a Federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations.

Major Programs. In accordance with OMB Circular A-133, major programs are determined using a risk-based approach. Programs in the accompanying Schedule denoted with an asterisk (*) are considered major programs.

C. **Basis of Accounting**

The accompanying Schedule was prepared on the cash basis of accounting.

Matching Costs. The Schedule does not include matching expenditures from general revenues of the County.



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 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, 2012, and have issued our report thereon dated January 29, 2013. The report notes the financial statements were prepared on the basis of cash receipts and disbursements. Except as noted above, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

We also noted certain matters that we reported to management of Otoe County in a separate letter dated January 29, 2013.

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. However, this report is a matter of public record and its distribution is not limited.

SIGNED ORIGINAL ON FILE

January 29, 2013

Deann Haeffner, CPA
Assistant Deputy Auditor



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
State Auditor

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OTOE COUNTY

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

Board of Commissioners
Otoe County, Nebraska

Compliance

We have audited Otoe County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Otoe County's major Federal programs for the year ended June 30, 2012. Otoe County's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of Otoe County's management. Our responsibility is to express an opinion on Otoe County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Otoe County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Otoe County's compliance with those requirements.

In our opinion, Otoe County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of Otoe County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered Otoe County's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Otoe County's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the County Board, others within the entity, citizens of the State of Nebraska, the State Legislature, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

SIGNED ORIGINAL ON FILE

Deann Haeffner, CPA
Assistant Deputy Auditor

January 29, 2013

OTOE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

SECTION I. SUMMARY OF AUDITOR'S RESULTS

Type of auditor's report issued: **Unqualified**

Internal control over financial reporting:

Material weaknesses identified? X Yes No

Significant deficiencies identified? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

Internal control over major programs:

Material weaknesses identified? Yes X No

Significant deficiencies identified? Yes X None Reported

Type of auditor's report issued on compliance for major programs: **Unqualified**

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133: Yes X No

Major programs: **Disaster Grants – Public Assistance, CFDA 97.036**

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee: Yes X No

OTOE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

SECTION II. FINANCIAL STATEMENT FINDINGS

Finding # 2012-1

Condition - There is a lack of segregation of accounting functions among various County offices and personnel. This is a continuing item from the prior year.

Criteria - Authorization or approval of transactions, recording of transactions, and custody of assets should normally be segregated from each other.

Effect of the Condition - This lack of segregation of duties results in an inadequate overall internal control structure design.

Cause of the Condition - The County does not employ sufficient office personnel to properly segregate accounting functions.

Recommendation - The County should be aware of the inherent risks associated with improper segregation of accounting functions. The County should also develop mitigating controls to reduce the risk of errors or fraud associated with the improper segregation of accounting functions.

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Noted



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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January 29, 2013

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, 2012, and have issued our report thereon dated January 29, 2013. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

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

COUNTY OVERALL

Segregation of Duties

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

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

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

COUNTY SHERIFF

Accounting Procedures

The County Sheriff's records indicated an unknown variance of \$122 in assets compared to liabilities. Also, deposits were not made in a timely manner with instances of some checks being deposited weeks after having been received.

Sound accounting practice and good internal control require procedures be in place to ensure office assets (cash on hand, reconciled bank balance, accounts receivable, etc.) are in agreement with office liabilities (fees and trust accounts) on at least a monthly basis. Balancing procedures should include the timely identification and resolution of all variances noted. Also, good internal controls as well as sound accounting practices require timely deposit of all monies received.

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

We recommend the County Sheriff implement documented monthly balancing procedures and make deposits in a timely manner.

CLERK OF THE DISTRICT COURT

Insufficient Pledged Collateral

Neb. Rev. Stat. § 77-2326.04 (Reissue 2009) states,

“No deposits in excess of the amount insured or guaranteed by the Federal Deposit Insurance Corporation [FDIC] shall be made to accumulate in any bank, capital stock financial institution, or qualifying mutual financial institution designated as a depository unless and until the county judge, clerk of the county court, or clerk of the district court, as the case may be, has received from such depository as security for the prompt repayment by the depository of his or her respective deposits in excess of the amount insured or guaranteed by the Federal Deposit Insurance Corporation either a surety bond in form and with corporate sureties approved by the county judge or judges or by formal resolution of the county board, as the case may be, or in lieu thereof, the giving of security as provided in the Public Funds Deposit Security Act.”

During the audit period we noted 13 days, November 16, 2011, through November 28, 2011, where deposits of the Clerk of the District Court were not fully insured by FDIC or additional securities. The uninsured amounts ranged from \$1,302,933 to \$1,315,062.

We recommend the Clerk of the District Court ensure there is sufficient FDIC and/or pledged collateral for all bank deposits at all times.

County Response: The Clerk of the District Court will make sure that we do not go over the FDIC insured amount again.

COUNTY REGISTER OF DEEDS

Authorized Petty Cash Amount

Neb. Rev. Stat. § 23-106 (Reissue 2007) states, in part,

“The county board shall have the authority to establish a petty cash fund for such county ... board shall set, by resolution of the board, the amount of money to be carried in such petty cash fund and the dollar limit of an expenditure from such fund and such amount shall be stated in the fiscal policy of the county board budget message.”

During our audit, we noted the County Register of Deeds maintained a change fund of \$20 that was not authorized by the County Board as a petty cash fund.

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

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

COUNTY BOARD

Claim Process

During our audit we noted five claims, totaling \$115,736, that were paid twice during the fiscal year. With further review, the County has since been reimbursed or given subsequent credit for the overpayment; of which four of the five duplicate payments were caught by the company and not the County. We also noted during testing that two additional claims were paid from a copy and not the original invoice.

Good internal controls require a process be in place to review all claims prior to approval to ensure the claims are supported with adequate documentation and are not duplicate payments. When procedures are not in place to catch duplicate claim submissions, there is an increased risk of loss or misuse of funds.

We recommend the County Board implement procedures to ensure that claims are not paid twice for the same invoice and all claims are paid from original invoices.

Outdated Contracts

We noted at June 30, 2012, two contracts between Otoe County and the City of Nebraska City were outdated. The County is receiving funds for providing legal services and dispatch services but the amounts collected during our audit period do not agree to the contracts.

The most recent contract on file for providing legal services expired September 30, 1999, and stipulated that Nebraska City would pay Otoe County \$3,600/year for services provided by the County Attorney. We noted that for the 2012 fiscal year, Otoe County had received \$9,600 from Nebraska City for legal services.

The most recent contract on file for providing dispatch services expired July 1, 2004, and stipulated that Nebraska City would pay Otoe County \$1,992/month, or \$23,903/year, for services provided by the County Sheriff. We noted that for the 2012 fiscal year, Otoe County received \$2,742/month from July – September 2011 and \$5,753/month from October 2011 through July 2012 for a total of \$60,000.

Sound accounting practices and good internal controls require contracts be current and agree to the amount being collected.

We recommend the County Board update these contracts with Nebraska City to reflect the current amount being received.

* * * * *

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 that indicate corrective action has been taken were not verified at this time, but will be verified in the next audit.

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

Sincerely,

SIGNED ORIGINAL ON FILE

Deann Haeffner, CPA
Assistant Deputy Auditor