

**AUDIT REPORT  
OF  
OTOE COUNTY**

**JULY 1, 2017, THROUGH JUNE 30, 2018**

**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 26, 2018**

OTOE COUNTY

TABLE OF CONTENTS

	<u>Page</u>
<b>List of County Officials</b>	1
<b>Financial Section</b>	
Independent Auditor's Report	2 - 3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position - Cash Basis	4
Statement of Activities - Cash Basis	5
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds	6
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Governmental Funds	7
Statement of Cash Basis Net Position - Fiduciary Funds	8
Notes to Financial Statements	9 - 17
Combining Statements and Schedules:	
Budgetary Comparison Schedule - Budget and Actual - General Fund	18 - 19
Budgetary Comparison Schedule - Budget and Actual - Major Funds	20
Budgetary Comparison Schedule - Budget and Actual - Nonmajor Funds	21 - 23
Combining Statement of Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Nonmajor Governmental Funds	24 - 26
Schedule of Office Activities	27
Schedule of Taxes Certified and Collected for All Political Subdivisions in the County	28
<b>Government Auditing Standards Section</b>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	29 - 30

OTOE COUNTY  
1021 Central Ave.  
Nebraska City, NE 68410

**LIST OF COUNTY OFFICIALS**  
At June 30, 2018

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	Rick Freshman	Jan. 2019
	Ron Hauptman	Jan. 2019
	Jerad Sornson	Jan. 2019
	James Parsons	Jan. 2021
	Dean Speth	Jan. 2021
Assessor	Christina Smallfoot	Jan. 2019
Attorney	David Partsch	Jan. 2019
Clerk Election Commissioner	Janene Bennett	Jan. 2019
Register of Deeds	Janet Reed	Jan. 2019
Clerk of the District Court	Janis Riege	Jan. 2019
Sheriff	James Gress	Jan. 2019
Treasurer	Nicki Baker	Jan. 2019
Public Defender	Michael Ziskey	Jan. 2019
Surveyor Planning & Zoning	David Schmitz	Jan. 2019
Emergency Manager	Gregg Goebel	Appointed
Veterans' Service Officer	Leslie Durr	Appointed



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

---

Charlie Janssen  
State Auditor

Charlie.Janssen@nebraska.gov  
PO Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
[www.auditors.nebraska.gov](http://www.auditors.nebraska.gov)

OTOE COUNTY

## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Otoe County, Nebraska

### Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Otoe County, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and aggregate remaining fund information of Otoe County as of June 30, 2018, and the respective changes in cash-basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

### **Emphasis of Matters – Basis of Accounting**

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

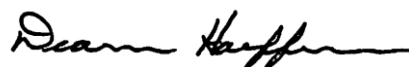
### **Report on Supplementary Information**

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

The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, pages 18-28, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2018, on our consideration of Otoe County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Otoe County's internal control over financial reporting and compliance.



Deann Haeffner, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska

September 25, 2018

OTOE COUNTY  
**STATEMENT OF NET POSITION - CASH BASIS**  
 June 30, 2018

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents (Note 1.D)	\$ 6,393,471
Investments (Note 1.D)	307,490
<b>TOTAL ASSETS</b>	<b>\$ 6,700,961</b>
<b>NET POSITION</b>	
Restricted for:	
Visitor Promotion	\$ 28,964
911 Emergency Services	167,085
Drug Education	1,392
Law Enforcement	16,025
Preservation of Records	6,342
Bridge/Road Projects	432,782
Unrestricted	6,048,371
<b>TOTAL NET POSITION</b>	<b>\$ 6,700,961</b>

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, 2018

<b>Functions:</b>	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
General Government	\$ (5,780,905)	\$ 581,610	\$ 155,181	\$ (5,044,114)
Public Safety	(3,586,118)	49,823	74,408	(3,461,887)
Public Works	(4,934,788)	7,858	2,067,790	(2,859,140)
Public Assistance	(115,836)	-	-	(115,836)
Culture and Recreation	(109,639)	-	-	(109,639)
Debt Payments	(593,150)	-	-	(593,150)
<b>Total Governmental Activities</b>	<b><u><u>\$ (15,120,436)</u></u></b>	<b><u><u>\$ 639,291</u></u></b>	<b><u><u>\$ 2,297,379</u></u></b>	<b><u><u>(12,183,766)</u></u></b>

General Receipts:

Property Taxes	8,664,533
Grants and Contributions Not Restricted to Specific Programs	1,717,868
Investment Income	52,757
Licenses and Permits	79,123
Proceeds from Lease Purchase Agreement	1,500,000
Miscellaneous	243,313
<b>Total General Receipts</b>	<b><u><u>12,257,594</u></u></b>
 Increase in Net Position	 73,828
Net Position - Beginning of year	6,627,133
Net Position - End of year	<b><u><u>\$ 6,700,961</u></u></b>

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, 2018

	<u>General Fund</u>	<u>Road Fund</u>	<u>Inheritance Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents (Note 1.D)	\$ 2,250,222	\$ 737,899	\$ 2,113,075	\$ 1,292,275	\$ 6,393,471
Investments (Note 1.D)	-	-	307,490	-	307,490
<b>TOTAL ASSETS</b>	<u><u>\$ 2,250,222</u></u>	<u><u>\$ 737,899</u></u>	<u><u>\$ 2,420,565</u></u>	<u><u>\$ 1,292,275</u></u>	<u><u>\$ 6,700,961</u></u>
<b>FUND BALANCES</b>					
Restricted for:					
Visitor Promotion	-	-	-	28,964	28,964
911 Emergency Services	-	-	-	167,085	167,085
Drug Education	-	-	-	1,392	1,392
Law Enforcement	-	-	-	16,025	16,025
Preservation of Records	-	-	-	6,342	6,342
Bridge/Road Projects	-	-	-	432,782	432,782
Committed to:					
Law Enforcement	-	-	-	14,699	14,699
Road Maintenance	-	737,899	-	-	737,899
County Buildings	-	-	-	313,321	313,321
Special Projects	-	-	-	182,802	182,802
Landfill Closures	-	-	-	128,863	128,863
Assigned to:					
Other Purposes	-	-	2,420,565	-	2,420,565
Unassigned	2,250,222	-	-	-	2,250,222
<b>TOTAL CASH BASIS FUND BALANCES</b>	<u><u>\$ 2,250,222</u></u>	<u><u>\$ 737,899</u></u>	<u><u>\$ 2,420,565</u></u>	<u><u>\$ 1,292,275</u></u>	<u><u>\$ 6,700,961</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, 2018

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>					
Property Taxes	\$ 7,316,624	\$ 499	\$ 1,125,337	\$ 222,073	\$ 8,664,533
Licenses and Permits	77,148	1,975	-	-	79,123
Investment Income	52,071	-	-	686	52,757
Intergovernmental	1,229,896	2,341,315	-	444,036	4,015,247
Charges for Services	619,862	7,858	-	11,571	639,291
Miscellaneous	1,558,390	80,694	25,425	78,804	1,743,313
<b>TOTAL RECEIPTS</b>	<b>10,853,991</b>	<b>2,432,341</b>	<b>1,150,762</b>	<b>757,170</b>	<b>15,194,264</b>
<b>DISBURSEMENTS</b>					
General Government	4,259,572	-	1,372,392	148,941	5,780,905
Public Safety	3,469,819	-	-	116,299	3,586,118
Public Works	46,020	4,872,752	-	16,016	4,934,788
Health and Sanitation	-	-	-	-	-
Public Assistance	115,836	-	-	-	115,836
Culture and Recreation	5,203	-	-	104,436	109,639
Debt Service:					
Principal Payments	-	480,000	-	-	480,000
Interest and Fiscal Charges	-	113,150	-	-	113,150
Capital Outlay	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<b>7,896,450</b>	<b>5,465,902</b>	<b>1,372,392</b>	<b>385,692</b>	<b>15,120,436</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>2,957,541</b>	<b>(3,033,561)</b>	<b>(221,630)</b>	<b>371,478</b>	<b>73,828</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	3,250,000	-	118,766	3,368,766
Transfers out	(3,350,000)	-	-	(18,766)	(3,368,766)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(3,350,000)</b>	<b>3,250,000</b>	<b>-</b>	<b>100,000</b>	<b>-</b>
Net Change in Fund Balances	(392,459)	216,439	(221,630)	471,478	73,828
<b>CASH BASIS FUND BALANCES - BEGINNING</b>					
	2,642,681	521,460	2,642,195	820,797	6,627,133
<b>CASH BASIS FUND BALANCES - ENDING</b>					
	<b>\$ 2,250,222</b>	<b>\$ 737,899</b>	<b>\$ 2,420,565</b>	<b>\$ 1,292,275</b>	<b>\$ 6,700,961</b>

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

OTOE COUNTY  
**STATEMENT OF CASH BASIS NET POSITION**  
**FIDUCIARY FUNDS**  
 June 30, 2018

	Agency Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 2,758,337
 <b>LIABILITIES</b>	
Due to other governments	
State	333,921
Schools	941,672
Educational Service Units	2,877
Technical College	17,373
Natural Resource Districts	5,655
Fire Districts	2,364
Municipalities	65,141
Agricultural Society	1,077
Airport	1,928
Tentative Inheritance Tax	1,308,133
Sanitary and Improvement Districts	4,959
Hospital	761
Others	72,476
<b>TOTAL LIABILITIES</b>	<b>2,758,337</b>
<b>TOTAL NET ASSETS</b>	<b>\$ -</b>

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, 2018

**1. Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

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

As required by Generally Accepted Accounting Principles (GAAP), these financial statements present the County (the primary government). No component units were identified.

**Joint Organization.**

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

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$69,407 toward the operation of the Region during fiscal year 2018. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Department of Health and Human Services requires the Region to be audited annually in accordance with State statute. Financial information for the Region is available in those audit reports.

Health Department – The County has entered into an agreement with the Southeast District Health Department (Department) to provide public health services. The agreement was established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636 (Reissue 2009, Cum. Supp. 2016, Supp. 2017).

OTOE COUNTY

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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

The Department's governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. The County did not contribute toward the operation of the Department during fiscal year 2018. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Supp. 2017). Financial information for the Department is available in that report.

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

The governing board is established by interlocal agreement and includes representatives from the participating political subdivisions. Each political subdivision contributes to the financial support of the 911 Region based on formulas developed by the governing board. Funding is provided by a combination of Federal, State, local, and private funding. Nemaha County was named the fiscal agent for the 911 Region in 2016, and a separate County fund was created to account for the financial activity. The activity of this fund was included in the financial statements of Nemaha County. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement.

**B. Basis of Presentation**

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

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

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

The County reports the following major governmental funds:

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

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

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

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

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

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

The County designates fund balances as follows:

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

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

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

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

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

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

**D. Assets and Net Position**

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

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

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

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.

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

**Restricted Net Position.** When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$652,590 of restricted net position, which is fully restricted by enabling legislation.

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

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

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

2. **Deposits and Investments**

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

OTOE COUNTY

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**2. Deposits and Investments** (Concluded)

At year end, the County's carrying amount of deposits was \$6,393,471 for County funds and \$2,758,337 for Fiduciary funds. The bank balances for all funds totaled \$9,177,502. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2018, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

The County's carrying value of investments is stated at cost, which approximates market. Investments consisted of \$307,490 deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a seven-member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income that has accrued to each participant is converted as of the close of business of each calendar month into additional units, which thereafter are held in each participant's trust account. Since net income of the fund is allocated among participants each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name.

**3. Property Taxes**

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

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

The levy set in October 2017, for the 2017 taxes, which will be materially collected in May and September 2018, was set at \$.307840/\$100 of assessed valuation. The levy set in October 2016, for the 2016 taxes, which were materially collected in May and September 2017, was set at \$.290199/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

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

**4. Retirement System**

The Retirement System for Nebraska Counties (Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2012, Cum. Supp. 2016, Supp. 2017) and may be amended through legislative action.



OTOE COUNTY

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**4. Retirement System** (Concluded)

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

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

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

For the year ended June 30, 2018, 114 employees contributed \$211,518, and the County contributed \$317,388. Contributions included \$9,307 in cash contributions towards the supplemental law enforcement plan for 15 law enforcement employees. Lastly, the County paid \$2,212 directly to 18 retired employees for prior service benefits.

**5. Risk Management**

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

There were no significant reductions in insurance coverage from the prior year coverage, and the County did not incur any expenses that exceeded the coverage amount for the year ended June 30, 2018.

**6. Interfund Transfers**

Interfund transfers for the year ended June 30, 2018, consisted of the following:

OTOE COUNTY

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**6. Interfund Transfers** (Concluded)

<b>Transfers to</b>	Transfers from		Total
	General Fund	Nonmajor Funds	
Road Fund	\$ 3,250,000	\$ -	\$ 3,250,000
Nonmajor Funds	100,000	18,766	118,766
Total	<u>\$ 3,350,000</u>	<u>\$ 18,766</u>	<u>\$ 3,368,766</u>

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

**7. Capital Leases Payable**

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

	Caterpillar Motor Graders – NACO Lease	Caterpillar Bulldozers – NACO Lease	Motorola 911 Communication Equipment	Total
Balance July 1, 2017	\$ 374,273	\$ 357,457	\$ -	\$ 731,730
Purchases	-	-	1,500,000	1,500,000
Payments	96,281	97,790	65,281	259,352
Balance June 30, 2018	<u>\$ 277,992</u>	<u>\$ 259,667</u>	<u>\$ 1,434,719</u>	<u>\$ 1,972,378</u>
Future Payments:				
<b>Year</b>				
2019	\$ 101,536	\$ 102,677	\$ 166,983	\$ 371,196
2020	101,536	102,677	166,983	371,196
2021	33,157	60,385	166,983	260,525
2022	33,156	-	166,983	200,139
2023	16,578	-	166,983	183,561
2024-2028	-	-	751,423	751,423
Total Payments	<u>285,963</u>	<u>265,739</u>	<u>1,586,338</u>	<u>2,138,040</u>
Less Interest	7,971	6,072	151,619	165,662
Present Value of Future Minimum Lease Payments	<u>\$ 277,992</u>	<u>\$ 259,667</u>	<u>\$ 1,434,719</u>	<u>\$ 1,972,378</u>
Carrying Value of the Related Fixed Asset	<u>\$ 507,406</u>	<u>\$ 484,356</u>	<u>\$ 1,584,274</u>	<u>\$ 2,576,036</u>

**8. Long-Term Debt**

The County issued highway bonds in July 2009 in the amount of \$2,535,000 for the purpose of paying the costs associated with road projects in the County. In fiscal year 2015, these bonds were refinanced in the amount of \$1,885,000. The bond payable balance, as of June 30, 2018, was \$1,155,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Future tax resources will be used to pay off the bonds.

OTOE COUNTY

**NOTES TO FINANCIAL STATEMENTS**  
(Concluded)

**8. Long-Term Debt** (Concluded)

Future Payments:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2019	\$ 180,000	\$ 26,895	\$ 206,895
2020	180,000	24,285	204,285
2021	185,000	20,865	205,865
2022	200,000	16,795	216,795
2023	200,000	11,695	211,695
2024	210,000	6,195	216,195
<b>Total Payments</b>	<b>\$ 1,155,000</b>	<b>\$ 106,730</b>	<b>\$ 1,261,730</b>

The County issued highway bonds in October 2011 in the amount of \$2,550,000 for the purpose of paying the costs associated with road projects in the County. In July 2016, the County Board approved the refinancing of these bonds and issuance of additional highway bonds for a total of \$4,455,000. The bond payable balance, as of June 30, 2018, was \$3,845,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Future tax resources will be used to pay off the bonds.

Future Payments:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2019	\$ 305,000	\$ 81,725	\$ 386,725
2020	305,000	75,625	380,625
2021	310,000	69,525	379,525
2022	315,000	63,325	378,325
2023	330,000	57,025	387,025
2024-2028	1,605,000	177,085	1,782,085
2029-2032	675,000	50,160	725,160
<b>Total Payments</b>	<b>\$ 3,845,000</b>	<b>\$ 574,470</b>	<b>\$ 4,419,470</b>

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

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 7,921,168	\$ 7,921,168	\$ 7,316,624	\$ (604,544)
Licenses and Permits	65,200	65,200	77,148	11,948
Interest	15,000	15,000	52,071	37,071
Intergovernmental	681,032	681,032	1,229,896	548,864
Charges for Services	573,100	573,100	619,862	46,762
Miscellaneous	1,513,000	1,513,000	1,558,390	45,390
TOTAL RECEIPTS	<u>10,768,500</u>	<u>10,768,500</u>	<u>10,853,991</u>	<u>85,491</u>
<b>DISBURSEMENTS</b>				
General Government:				
County Board	141,500	146,438	146,438	-
County Clerk	153,626	154,344	154,344	-
County Treasurer	245,730	248,677	248,677	-
Register of Deeds	145,376	145,376	143,734	1,642
County Assessor	262,368	262,368	239,505	22,863
Election Commissioner	75,720	75,720	69,809	5,911
Building and Zoning	40,998	40,998	32,969	8,029
Data Processing Department	275,565	275,565	256,116	19,449
Clerk of the District Court	115,713	115,713	112,346	3,367
County Court System	13,000	13,000	9,868	3,132
Public Defender	160,374	160,374	159,304	1,070
Building and Grounds	162,800	162,800	149,389	13,411
Agricultural Extension Agent	107,515	107,515	101,486	6,029
Coroner	20,500	20,500	12,083	8,417
Child Support	94,147	94,147	46,649	47,498
Miscellaneous	2,552,032	2,543,429	2,376,855	166,574
Public Safety				
County Sheriff	1,147,250	1,147,250	1,079,862	67,388
County Attorney	282,188	282,188	264,644	17,544
Juvenile Diversion	99,848	99,848	96,529	3,319
County Jail	929,090	929,090	915,629	13,461
Nuclear Accident-Emergency	51,583	51,583	43,020	8,563
Civil Defense	129,285	129,285	120,991	8,294
Emergency Equipment	82,202	82,202	12,202	70,000
Miscellaneous	1,584,000	1,584,000	936,942	647,058
Public Works				
County Surveyor	56,460	56,460	46,020	10,440

(Continued)

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

For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>DISBURSEMENTS (Continued)</b>				
Public Assistance				
County Relief	10,800	10,800	4,982	5,818
Veteran's Aid	2,500	2,500	1,786	714
Veteran's Service Officer	61,834	61,834	61,834	-
Welfare Ass't Admin	47,400	47,400	47,234	166
Culture and Recreation				
County Museum	5,225	5,225	5,203	22
<b>TOTAL DISBURSEMENTS</b>	<u>9,056,629</u>	<u>9,056,629</u>	<u>7,896,450</u>	<u>1,160,179</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>1,711,871</u>	<u>1,711,871</u>	<u>2,957,541</u>	<u>1,245,670</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(3,604,552)	(3,604,552)	(3,350,000)	254,552
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(3,604,552)</u>	<u>(3,604,552)</u>	<u>(3,350,000)</u>	<u>254,552</u>
Net Change in Fund Balance	(1,892,681)	(1,892,681)	(392,459)	1,500,222
<b>FUND BALANCE - BEGINNING</b>	<u>2,642,681</u>	<u>2,642,681</u>	<u>2,642,681</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 750,000</u>	<u>\$ 750,000</u>	<u>\$ 2,250,222</u>	<u>\$ 1,500,222</u>

(Concluded)

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

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ -	\$ -	\$ 499	\$ 499
Licenses and Permits	1,000	1,000	1,975	975
Intergovernmental	2,327,087	2,327,087	2,341,315	14,228
Charges for Services	-	-	7,858	7,858
Miscellaneous	65,000	65,000	80,694	15,694
<b>TOTAL RECEIPTS</b>	<u>2,393,087</u>	<u>2,393,087</u>	<u>2,432,341</u>	<u>39,254</u>
<b>DISBURSEMENTS</b>	<u>6,419,099</u>	<u>6,419,099</u>	<u>5,465,902</u>	<u>953,197</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(4,026,012)</u>	<u>(4,026,012)</u>	<u>(3,033,561)</u>	<u>992,451</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,504,552	3,504,552	3,250,000	(254,552)
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>3,504,552</u>	<u>3,504,552</u>	<u>3,250,000</u>	<u>(254,552)</u>
Net Change in Fund Balance	(521,460)	(521,460)	216,439	737,899
<b>FUND BALANCE - BEGINNING</b>	<u>521,460</u>	<u>521,460</u>	<u>521,460</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 737,899</u>	<u>\$ 737,899</u>
<b>INHERITANCE FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 507,715	\$ 507,715	\$1,125,337	\$ 617,622
Miscellaneous	25,425	25,425	25,425	-
<b>TOTAL RECEIPTS</b>	<u>533,140</u>	<u>533,140</u>	<u>1,150,762</u>	<u>617,622</u>
<b>DISBURSEMENTS</b>	<u>3,175,335</u>	<u>3,175,335</u>	<u>1,372,392</u>	<u>1,802,943</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(2,642,195)</u>	<u>(2,642,195)</u>	<u>(221,630)</u>	<u>2,420,565</u>
Net Change in Fund Balance	(2,642,195)	(2,642,195)	(221,630)	2,420,565
<b>FUND BALANCE - BEGINNING</b>	<u>2,642,195</u>	<u>2,642,195</u>	<u>2,642,195</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,420,565</u>	<u>\$ 2,420,565</u>

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

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>HIGHWAY BRIDGE BUYBACK PROGRAM</b>				
<b>FUND</b>				
Receipts	\$ 432,764	\$ 432,764	\$ 432,766	\$ 2
Disbursements	(432,780)	(432,780)	-	432,780
Net Change in Fund Balance	(16)	(16)	432,766	432,782
Fund Balance - Beginning	16	16	16	-
Fund Balance - Ending	\$ -	\$ -	\$ 432,782	\$ 432,782
<b>VISITOR PROMOTION FUND</b>				
Receipts	\$ 77,372	\$ 77,372	\$ 102,272	\$ 24,900
Disbursements	(108,500)	(108,500)	(104,436)	4,064
Net Change in Fund Balance	(31,128)	(31,128)	(2,164)	28,964
Fund Balance - Beginning	31,128	31,128	31,128	-
Fund Balance - Ending	\$ -	\$ -	\$ 28,964	\$ 28,964
<b>PRESERVATION &amp; MODERNIZATION FUND</b>				
Receipts	\$ 12,000	\$ 12,000	\$ 11,571	\$ (429)
Disbursements	(24,435)	(24,435)	(17,664)	6,771
Net Change in Fund Balance	(12,435)	(12,435)	(6,093)	6,342
Fund Balance - Beginning	12,435	12,435	12,435	-
Fund Balance - Ending	\$ -	\$ -	\$ 6,342	\$ 6,342
<b>DIVERSION PROGRAM FUND</b>				
Receipts	\$ 12,400	\$ 12,400	\$ 9,750	\$ (2,650)
Disbursements	(17,617)	(17,617)	(8,794)	8,823
Net Change in Fund Balance	(5,217)	(5,217)	956	6,173
Fund Balance - Beginning	5,217	5,217	5,217	-
Fund Balance - Ending	\$ -	\$ -	\$ 6,173	\$ 6,173
<b>COUNTY DRUG LAW ENFORCEMENT FUND</b>				
Receipts	\$ 23,537	\$ 23,537	\$ 6,324	\$ (17,213)
Disbursements	(25,000)	(25,000)	(6,395)	18,605
Net Change in Fund Balance	(1,463)	(1,463)	(71)	1,392
Fund Balance - Beginning	1,463	1,463	1,463	-
Fund Balance - Ending	\$ -	\$ -	\$ 1,392	\$ 1,392

(Continued)

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

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>FEDERAL DRUG LAW ENFORCEMENT FUND</b>				
Receipts	\$ 8,266	\$ 8,266	\$ -	\$ (8,266)
Disbursements	(20,000)	(20,000)	-	20,000
Net Change in Fund Balance	(11,734)	(11,734)	-	11,734
Fund Balance - Beginning	11,734	11,734	11,734	-
Fund Balance - Ending	\$ -	\$ -	\$ 11,734	\$ 11,734
<b>LOCAL GRANTS - SHERIFF FUND</b>				
Receipts	\$ 39,934	\$ 39,934	\$ 7,650	\$ (32,284)
Disbursements	(50,000)	(50,000)	(9,190)	40,810
Net Change in Fund Balance	(10,066)	(10,066)	(1,540)	8,526
Fund Balance - Beginning	10,066	10,066	10,066	-
Fund Balance - Ending	\$ -	\$ -	\$ 8,526	\$ 8,526
<b>FEDERAL GRANT SHERIFF FUND</b>				
Receipts	\$ 5,709	\$ 5,709	\$ -	\$ (5,709)
Disbursements	(10,000)	(10,000)	-	10,000
Net Change in Fund Balance	(4,291)	(4,291)	-	4,291
Fund Balance - Beginning	4,291	4,291	4,291	-
Fund Balance - Ending	\$ -	\$ -	\$ 4,291	\$ 4,291
<b>KENO LOTTERY FUND</b>				
Receipts	\$ 40,000	\$ 40,000	\$ 39,536	\$ (464)
Disbursements	(193,924)	(193,924)	(10,658)	183,266
Net Change in Fund Balance	(153,924)	(153,924)	28,878	182,802
Fund Balance - Beginning	153,924	153,924	153,924	-
Fund Balance - Ending	\$ -	\$ -	\$ 182,802	\$ 182,802
<b>911 EMERGENCY MANAGEMENT FUND</b>				
Receipts	\$ 60,001	\$ 60,001	\$ 59,488	\$ (513)
Disbursements	(72,928)	(72,928)	(50,373)	22,555
Net Change in Fund Balance	(12,927)	(12,927)	9,115	22,042
Fund Balance - Beginning	12,927	12,927	12,927	-
Fund Balance - Ending	\$ -	\$ -	\$ 22,042	\$ 22,042

(Continued)



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

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>911 WIRELESS SERVICE FUND</b>				
Receipts	\$ 60,312	\$ 60,312	\$ 60,312	\$ -
Disbursements	(40,313)	(41,547)	(41,547)	-
Transfers in	-	-	-	-
Transfers out	(20,000)	(18,766)	(18,766)	-
Net Change in Fund Balance	(1)	(1)	(1)	-
Fund Balance - Beginning	1	1	1	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -
<b>911 WIRELESS SERVICE HOLDING FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(146,277)	(146,277)	-	146,277
Transfers in	20,000	20,000	18,766	(1,234)
Transfers out	-	-	-	-
Net Change in Fund Balance	(126,277)	(126,277)	18,766	145,043
Fund Balance - Beginning	126,277	126,277	126,277	-
Fund Balance - Ending	\$ -	\$ -	\$ 145,043	\$ 145,043
<b>COUNTY BUILDINGS MAINTENANCE FUND</b>				
Receipts	\$ -	\$ -	\$ 27,501	\$ 27,501
Disbursements	(406,439)	(406,439)	(120,619)	285,820
Transfers in	100,000	100,000	100,000	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(306,439)	(306,439)	6,882	313,321
Fund Balance - Beginning	306,439	306,439	306,439	-
Fund Balance - Ending	\$ -	\$ -	\$ 313,321	\$ 313,321
<b>COUNTY LANDFILL FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(144,879)	(144,879)	(16,016)	128,863
Net Change in Fund Balance	(144,879)	(144,879)	(16,016)	128,863
Fund Balance - Beginning	144,879	144,879	144,879	-
Fund Balance - Ending	\$ -	\$ -	\$ 128,863	\$ 128,863

(Concluded)

**OTOE COUNTY**  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,**  
**AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2018

	Highway Bridge Buyback Program Fund	Visitor Promotion Fund	Preservation & Modernization Fund	Diversion Program Fund	County Drug Law Enforcement Fund
<b>RECEIPTS</b>					
Property Taxes	\$ -	\$ 102,272	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-
Investment Income	-	-	-	-	7
Intergovernmental	432,766	-	-	9,750	1,520
Charges for Services	-	-	11,571	-	-
Miscellaneous	-	-	-	-	4,797
<b>TOTAL RECEIPTS</b>	<u>432,766</u>	<u>102,272</u>	<u>11,571</u>	<u>9,750</u>	<u>6,324</u>
<b>DISBURSEMENTS</b>					
General Government	-	-	17,664	-	-
Public Safety	-	-	-	8,794	6,395
Public Works	-	-	-	-	-
Health and Sanitation	-	-	-	-	-
Public Assistance	-	-	-	-	-
Culture and Recreation	-	104,436	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Projects	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>-</u>	<u>104,436</u>	<u>17,664</u>	<u>8,794</u>	<u>6,395</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>432,766</u>	<u>(2,164)</u>	<u>(6,093)</u>	<u>956</u>	<u>(71)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	432,766	(2,164)	(6,093)	956	(71)
<b>FUND BALANCES - BEGINNING</b>	<u>16</u>	<u>31,128</u>	<u>12,435</u>	<u>5,217</u>	<u>1,463</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 432,782</u>	<u>\$ 28,964</u>	<u>\$ 6,342</u>	<u>\$ 6,173</u>	<u>\$ 1,392</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	-	28,964	-	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	1,392
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	6,342	-	-
Bridge/Road Projects	432,782	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	6,173	-
County Buildings	-	-	-	-	-
Special Projects	-	-	-	-	-
Landfill Closures	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 432,782</u>	<u>\$ 28,964</u>	<u>\$ 6,342</u>	<u>\$ 6,173</u>	<u>\$ 1,392</u>

**OTOE COUNTY**  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,**  
**AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2018

	Federal Drug Law Enforcement Fund	Local Grants - Sheriff Fund	Federal Grant Sheriff Fund	Keno Lottery Fund	911 Emergency Management Fund
<b>RECEIPTS</b>					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 59,488
Licenses and Permits	-	-	-	-	-
Investment Income	-	-	-	679	-
Intergovernmental	-	-	-	-	-
Charges for Services	-	-	-	-	-
Miscellaneous	-	7,650	-	38,857	-
<b>TOTAL RECEIPTS</b>	<u>-</u>	<u>7,650</u>	<u>-</u>	<u>39,536</u>	<u>59,488</u>
<b>DISBURSEMENTS</b>					
General Government	-	-	-	10,658	-
Public Safety	-	9,190	-	-	50,373
Public Works	-	-	-	-	-
Health and Sanitation	-	-	-	-	-
Public Assistance	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Projects	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>-</u>	<u>9,190</u>	<u>-</u>	<u>10,658</u>	<u>50,373</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>-</u>	<u>(1,540)</u>	<u>-</u>	<u>28,878</u>	<u>9,115</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	(1,540)	-	28,878	9,115
<b>FUND BALANCES - BEGINNING</b>	<u>11,734</u>	<u>10,066</u>	<u>4,291</u>	<u>153,924</u>	<u>12,927</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 11,734</u>	<u>\$ 8,526</u>	<u>\$ 4,291</u>	<u>\$ 182,802</u>	<u>\$ 22,042</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	-	-	-	-	22,042
Drug Education	-	-	-	-	-
Law Enforcement	11,734	-	4,291	-	-
Preservation of Records	-	-	-	-	-
Bridge/Road Projects	-	-	-	-	-
Committed to:					
Law Enforcement	-	8,526	-	-	-
County Buildings	-	-	-	-	-
Special Projects	-	-	-	182,802	-
Landfill Closures	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 11,734</u>	<u>\$ 8,526</u>	<u>\$ 4,291</u>	<u>\$ 182,802</u>	<u>\$ 22,042</u>

**OTOE COUNTY**  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,**  
**AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2018

	911 Wireless Service Fund	911 Wireless Service Holding Fund	County Buildings Maintenance Fund	County Landfill Fund	Total Nonmajor Governmental Funds
<b>RECEIPTS</b>					
Property Taxes	\$ 60,312	\$ -	\$ 1	\$ -	\$ 222,073
Licenses and Permits	-	-	-	-	-
Investment Income	-	-	-	-	686
Intergovernmental	-	-	-	-	444,036
Charges for Services	-	-	-	-	11,571
Miscellaneous	-	-	27,500	-	78,804
<b>TOTAL RECEIPTS</b>	<b>60,312</b>	<b>-</b>	<b>27,501</b>	<b>-</b>	<b>757,170</b>
<b>DISBURSEMENTS</b>					
General Government	-	-	120,619	-	148,941
Public Safety	41,547	-	-	-	116,299
Public Works	-	-	-	16,016	16,016
Health and Sanitation	-	-	-	-	-
Public Assistance	-	-	-	-	-
Culture and Recreation	-	-	-	-	104,436
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Projects	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<b>41,547</b>	<b>-</b>	<b>120,619</b>	<b>16,016</b>	<b>385,692</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>18,765</b>	<b>-</b>	<b>(93,118)</b>	<b>(16,016)</b>	<b>371,478</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	18,766	100,000	-	118,766
Transfers out	(18,766)	-	-	-	(18,766)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(18,766)</b>	<b>18,766</b>	<b>100,000</b>	<b>-</b>	<b>100,000</b>
Net Change in Fund Balances	(1)	18,766	6,882	(16,016)	471,478
<b>FUND BALANCES - BEGINNING</b>	<b>1</b>	<b>126,277</b>	<b>306,439</b>	<b>144,879</b>	<b>820,797</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ -</b>	<b>\$ 145,043</b>	<b>\$ 313,321</b>	<b>\$ 128,863</b>	<b>\$ 1,292,275</b>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	-	-	-	-	28,964
911 Emergency Services	-	145,043	-	-	167,085
Drug Education	-	-	-	-	1,392
Law Enforcement	-	-	-	-	16,025
Preservation of Records	-	-	-	-	6,342
Bridge/Road Projects	-	-	-	-	432,782
Committed to:					
Law Enforcement	-	-	-	-	14,699
County Buildings	-	-	313,321	-	313,321
Special Projects	-	-	-	-	182,802
Landfill Closures	-	-	-	128,863	128,863
<b>TOTAL FUND BALANCES</b>	<b>\$ -</b>	<b>\$ 145,043</b>	<b>\$ 313,321</b>	<b>\$ 128,863</b>	<b>\$ 1,292,275</b>

**OTOE COUNTY**  
**SCHEDULE OF OFFICE ACTIVITIES**  
For the Year Ended June 30, 2018

	County Clerk	Register of Deeds	Clerk of the District Court	County Sheriff	County Attorney	Child Support Enforcement	County Keno	Emergency Manager	Total
BALANCES JULY 1, 2017	\$ 1,342	\$ 26,083	\$ 40,911	\$ 8,380	\$ 1,067	\$ 300	\$ 18,491	\$ 275	\$ 96,849
<b>RECEIPTS</b>									
Property Taxes	-	-	-	-	-	-	-	-	-
Licenses and Permits	1,525	-	-	885	-	-	-	-	2,410
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for Services	2,774	125,755	24,788	45,246	2,592	-	-	-	201,155
Miscellaneous	587	160,676	-	75	916	2,149	13,739	490	178,632
State Fees	84	-	25,057	-	-	-	9,929	-	35,070
Other Liabilities	-	-	437,613	6,420	14,724	-	-	-	458,757
<b>TOTAL RECEIPTS</b>	<b>4,970</b>	<b>286,431</b>	<b>487,458</b>	<b>52,626</b>	<b>18,232</b>	<b>2,149</b>	<b>23,668</b>	<b>490</b>	<b>876,024</b>
<b>DISBURSEMENTS</b>									
Payments to County Treasurer	4,491	127,814	21,681	47,004	2,915	-	28,968	-	232,873
Payments to State Treasurer	83	163,331	25,709	-	-	-	9,889	-	199,012
Other Liabilities	587	79	429,308	6,404	15,637	2,149	-	490	454,654
<b>TOTAL DISBURSEMENTS</b>	<b>5,161</b>	<b>291,224</b>	<b>476,698</b>	<b>53,408</b>	<b>18,552</b>	<b>2,149</b>	<b>38,857</b>	<b>490</b>	<b>886,539</b>
BALANCES JUNE 30, 2018	<u>\$ 1,151</u>	<u>\$ 21,290</u>	<u>\$ 51,671</u>	<u>\$ 7,598</u>	<u>\$ 747</u>	<u>\$ 300</u>	<u>\$ 3,302</u>	<u>\$ 275</u>	<u>\$ 86,334</u>
<b>BALANCES CONSIST OF:</b>									
Due to County Treasurer	\$ 146	\$ 9,448	\$ 5,667	\$ 6,507	\$ 13	\$ -	\$ 2,420	\$ -	\$ 24,201
Petty Cash	1,000	50	100	1,000	500	300	-	275	3,225
Due to State Treasurer	5	11,792	2,971	-	-	-	882	-	15,650
Due to Others	-	-	42,933	91	234	-	-	-	43,258
BALANCES JUNE 30, 2018	<u>\$ 1,151</u>	<u>\$ 21,290</u>	<u>\$ 51,671</u>	<u>\$ 7,598</u>	<u>\$ 747</u>	<u>\$ 300</u>	<u>\$ 3,302</u>	<u>\$ 275</u>	<u>\$ 86,334</u>

**OTOE COUNTY**  
**SCHEDULE OF TAXES CERTIFIED AND COLLECTED**  
**FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY**  
June 30, 2018

Item	2013	2014	2015	2016	2017
<b>Tax Certified by Assessor</b>					
Real Estate	\$ 28,748,781	\$ 30,300,882	\$ 32,426,068	\$ 33,084,243	\$ 33,620,043
Personal and Specials	2,303,383	2,299,766	2,294,975	2,211,252	2,202,226
<b>Total</b>	<b>31,052,164</b>	<b>32,600,648</b>	<b>34,721,043</b>	<b>35,295,495</b>	<b>35,822,269</b>
<b>Corrections</b>					
Additions	18,647	7,136	7,148	4,508	990
Deductions	(9,973)	(3,509)	(6,213)	(12,307)	(3,389)
Net Additions/ (Deductions)	8,674	3,627	935	(7,799)	(2,399)
<b>Corrected Certified Tax</b>	<b>31,060,838</b>	<b>32,604,275</b>	<b>34,721,978</b>	<b>35,287,696</b>	<b>35,819,870</b>
<b>Net Tax Collected by County Treasurer during Fiscal Year Ending:</b>					
June 30, 2014	19,760,814	-	-	-	-
June 30, 2015	11,273,951	20,818,773	-	-	-
June 30, 2016	10,746	11,756,706	22,140,894	-	-
June 30, 2017	5,205	12,360	12,550,876	22,451,303	-
June 30, 2018	1,542	3,223	14,406	12,815,746	23,107,316
<b>Total Net Collections</b>	<b>31,052,258</b>	<b>32,591,062</b>	<b>34,706,176</b>	<b>35,267,049</b>	<b>23,107,316</b>
<b>Total Uncollected Tax</b>	<b>\$ 8,580</b>	<b>\$ 13,213</b>	<b>\$ 15,802</b>	<b>\$ 20,647</b>	<b>\$ 12,712,554</b>
<b>Percentage Uncollected Tax</b>	<b>0.03%</b>	<b>0.04%</b>	<b>0.05%</b>	<b>0.06%</b>	<b>35.49%</b>

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



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen  
State Auditor

Charlie.Janssen@nebraska.gov

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

### OTOE COUNTY

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

Board of Commissioners  
Otoe County, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Otoe County, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Otoe County's basic financial statements, and have issued our report thereon dated September 25, 2018. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Otoe County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Otoe County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

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

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

### **Compliance and Other Matters**

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

### **Additional Items**

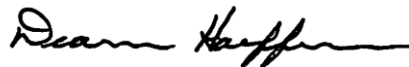
We also noted certain matters that we reported to the management of Otoe County in a separate letter dated September 25, 2018.

### **Otoe County's Response to Findings**

Otoe County declined to respond to the finding described above.

### **Purpose of this Report**

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



Deann Haeffner, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska

September 25, 2018





## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

---

Charlie Janssen  
State Auditor

Charlie.Janssen@nebraska.gov  
PO Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
[www.auditors.nebraska.gov](http://www.auditors.nebraska.gov)

September 25, 2018

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, 2018, and have issued our report thereon dated September 25, 2018. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

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

### **COUNTY OVERALL**

#### **Segregation of Duties**

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

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

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

## **Property Presumed Abandoned**

During the audit, we noted the County Clerk of the District Court and the County Sheriff did not report and remit to the State Treasurer outstanding checks that were over three years old. At June 30, 2018, the County Clerk of the District Court had one outstanding check, totaling \$500, that was written in May 2014, and the County Sheriff had four outstanding checks, totaling \$443, that were written prior to February 2013.

Neb. Rev. Stat. § 69-1307.01 (Reissue 2009), which is found in the Uniform Disposition of Unclaimed Property Act, presumes intangible personal property held by “any court, public corporation, public authority, or public officer of this state, or a political subdivision thereof” and unclaimed for more than three years to be abandoned. Neb. Rev. Stat. § 69-1310 (Reissue 2009) requires any property presumed abandoned, as of June 30 each year, to be reported and remitted to the State Treasurer by November 1 annually.

When property presumed to be abandoned is not remitted to the State Treasurer in accordance with State statute, there is an increased risk of loss and/or misuse of funds.

We recommend the County Clerk of the District Court and County Sheriff remit promptly to the State Treasurer all property in their possession that is presumed abandoned, as required by State statute.

## **Claim Procedures**

During the audit, we noted the following issues regarding the County’s claim process:

- One County Board member purchased supplies for the Sheriff’s office, totaling \$5,694, on the County’s charge account with Menards; however, this Board member was not an authorized signer on the account.
- Petty cash claims for the County Child Support Enforcement did not contain adequate supporting documentation. Claims submitted for reimbursement to the County contained only summarized bank activity for a certain period.

Good internal controls require procedures to ensure that only authorized signers purchase supplies and other items with the County’s credit cards and charge accounts. Those same procedures should also ensure that all claims approved by the County Board are supported by adequate documentation, such as itemized receipts.

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

We recommend the County Board implement procedures to ensure only authorized signers make purchases with the County’s credit cards and charge accounts. Those same procedures should also ensure that all claims approved by the County Board are supported by adequate documentation, such as itemized receipts.

**COUNTY CLERK**

**Timely Remittance and Endorsement of Checks**

During the audit, we discovered the County Clerk was holding on to four checks, totaling \$45,155, that were not remitted to the County Treasurer in a timely manner. One check, totaling \$45,064, was dated April 12, 2018. In addition, all four checks were not restrictively endorsed.

Good internal controls require procedures to ensure that checks received by the County are restrictively endorsed immediately upon receipt and remitted to the County Treasurer in a timely manner.

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

We recommend the County Clerk implement procedures to ensure all monies received are restrictively endorsed immediately upon receipt and remitted to the County Treasurer in a timely manner.

**COUNTY SHERIFF**

**Accounting Procedures**

During the audit, we noted the County Sheriff had an unknown long balance of \$36 at June 30, 2018. This long appears to be the result of the County Sheriff's failure to maintain an accurate and complete listing of accounts receivable and lack of periodic office-asset-to-office-liability reconciliations.

The County Sheriff is actively working on collecting old accounts receivable balances; however, we also noted that the County Sheriff had \$658 in accounts receivable from fiscal year 2014 or earlier that are still outstanding at June 30, 2018.

Sound accounting practices and good internal control require procedures to ensure office assets are in agreement with office liabilities on at least a monthly basis. Those procedures should include the timely identification and resolution of all variances noted. Additionally, the procedures should require the timely resolution of outstanding accounts receivable balances.

Without such procedures, there is an increased risk for not only the loss, theft, or misuse of funds but also errors going undetected more easily.

We recommend the County Sheriff implement procedures to ensure: 1) office assets are in agreement with office liabilities on at least a monthly basis; 2) any variances noted during that reconciliation process are resolved timely; and 3) outstanding accounts receivable balances are resolved expeditiously.

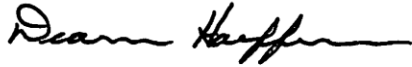
\* \* \* \* \*

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

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

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

Sincerely,

A handwritten signature in black ink, appearing to read "Deann Haeffner". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Deann Haeffner, CPA  
Assistant Deputy Auditor