

**AUDIT REPORT  
OF  
OTOE COUNTY**

**JULY 1, 2018, THROUGH JUNE 30, 2019**

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the Auditor of Public Accounts.**

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**Issued on October 22, 2019**

OTOE COUNTY

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OTOE COUNTY  
1021 Central Avenue  
Nebraska City, NE 68410

**LIST OF COUNTY OFFICIALS**  
At June 30, 2019

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



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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OTOE COUNTY

## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Otoe County, Nebraska

### Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Otoe County, as of and for the year ended June 30, 2019, 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, 2019, 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 October 16, 2019, 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

October 16, 2019

OTOE COUNTY  
**STATEMENT OF NET POSITION - CASH BASIS**  
 June 30, 2019

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents (Note 1.D)	\$ 4,393,536
Investments (Note 1.D)	1,737,096
<b>TOTAL ASSETS</b>	<b>\$ 6,130,632</b>
<b>NET POSITION</b>	
Restricted for:	
Visitor Promotion	\$ 44,415
911 Emergency Services	230,067
Drug Education	2,209
Law Enforcement	16,025
Preservation of Records	17,008
Bridge/Road Projects	429,071
Unrestricted	5,391,837
<b>TOTAL NET POSITION</b>	<b>\$ 6,130,632</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, 2019

<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	\$ (4,459,146)	\$ 595,321	\$ 108,122	\$ (3,755,703)
Public Safety	(2,867,511)	61,208	126,615	(2,679,688)
Public Works	(6,491,311)	4,721	2,225,663	(4,260,927)
Public Assistance	(119,289)	-	-	(119,289)
Culture and Recreation	(119,342)	-	-	(119,342)
Debt Payments	(593,620)	-	-	(593,620)
<b>Total Governmental Activities</b>	<u><u>\$ (14,650,219)</u></u>	<u><u>\$ 661,250</u></u>	<u><u>\$ 2,460,400</u></u>	<u><u>(11,528,569)</u></u>

General Receipts:

Property Taxes	8,957,701
Grants and Contributions Not Restricted to Specific Programs	1,515,352
Investment Income	65,258
Licenses and Permits	72,629
Miscellaneous	347,300
<b>Total General Receipts</b>	<u><u>10,958,240</u></u>
 Increase in Net Position	 (570,329)
Net Position - Beginning of year	6,700,961
<b>Net Position - End of year</b>	<u><u>\$ 6,130,632</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, 2019

	<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)	\$ 1,987,405	\$ 710	\$ 1,114,628	\$ 1,290,793	\$ 4,393,536
Investments (Note 1.D)	-	-	1,737,096	-	1,737,096
<b>TOTAL ASSETS</b>	<u>\$ 1,987,405</u>	<u>\$ 710</u>	<u>\$ 2,851,724</u>	<u>\$ 1,290,793</u>	<u>\$ 6,130,632</u>
<b>FUND BALANCES</b>					
Restricted for:					
Visitor Promotion	-	-	-	44,415	44,415
911 Emergency Services	-	-	-	230,067	230,067
Drug Education	-	-	-	2,209	2,209
Law Enforcement	-	-	-	16,025	16,025
Preservation of Records	-	-	-	17,008	17,008
Bridge/Road Projects	-	-	-	429,071	429,071
Committed to:					
Law Enforcement	-	-	-	16,917	16,917
Road Maintenance	-	710	-	-	710
County Buildings	-	-	-	225,108	225,108
Special Projects	-	-	-	192,344	192,344
Landfill Closures	-	-	-	117,629	117,629
Assigned to:					
Other Purposes	-	-	2,851,724	-	2,851,724
Unassigned	1,987,405	-	-	-	1,987,405
<b>TOTAL CASH BASIS FUND BALANCES</b>	<u>\$ 1,987,405</u>	<u>\$ 710</u>	<u>\$ 2,851,724</u>	<u>\$ 1,290,793</u>	<u>\$ 6,130,632</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, 2019

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>					
Property Taxes	\$7,313,071	\$ 21	\$ 1,391,970	\$ 252,639	\$ 8,957,701
Licenses and Permits	70,604	2,025	-	-	72,629
Investment Income	64,371	-	-	887	65,258
Intergovernmental	1,198,510	2,322,177	780	454,285	3,975,752
Charges for Services	597,840	4,721	-	58,689	661,250
Miscellaneous	25,741	13,930	281,493	26,136	347,300
<b>TOTAL RECEIPTS</b>	<u>9,270,137</u>	<u>2,342,874</u>	<u>1,674,243</u>	<u>792,636</u>	<u>14,079,890</u>
<b>DISBURSEMENTS</b>					
General Government	4,313,350	-	-	145,796	4,459,146
Public Safety	2,789,856	-	-	77,655	2,867,511
Public Works	44,918	4,746,975	1,243,084	456,334	6,491,311
Public Assistance	119,289	-	-	-	119,289
Culture and Recreation	5,009	-	-	114,333	119,342
Debt Service:					
Principal Payments	-	485,000	-	-	485,000
Interest and Fiscal Charges	-	108,620	-	-	108,620
<b>TOTAL DISBURSEMENTS</b>	<u>7,272,422</u>	<u>5,340,595</u>	<u>1,243,084</u>	<u>794,118</u>	<u>14,650,219</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>1,997,715</u>	<u>(2,997,721)</u>	<u>431,159</u>	<u>(1,482)</u>	<u>(570,329)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	2,260,532	-	-	2,260,532
Transfers out	<u>(2,260,532)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,260,532)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(2,260,532)</u>	<u>2,260,532</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(262,817)	(737,189)	431,159	(1,482)	(570,329)
<b>CASH BASIS FUND BALANCES - BEGINNING</b>					
	<u>2,250,222</u>	<u>737,899</u>	<u>2,420,565</u>	<u>1,292,275</u>	<u>6,700,961</u>
<b>CASH BASIS FUND BALANCES - ENDING</b>					
	<u>\$1,987,405</u>	<u>\$ 710</u>	<u>\$ 2,851,724</u>	<u>\$ 1,290,793</u>	<u>\$ 6,130,632</u>

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

**OTOE COUNTY**  
**STATEMENT OF CASH BASIS NET POSITION**  
**FIDUCIARY FUNDS**  
 June 30, 2019

	Agency Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,690,213
 <b>LIABILITIES</b>	
Due to other governments	
State	374,910
Schools	952,957
Educational Service Units	3,082
Technical College	18,492
Natural Resource Districts	5,619
Fire Districts	2,396
Municipalities	76,459
Agricultural Society	1,168
Airport	1,811
Tentative Inheritance Tax	205,780
Sanitary and Improvement Districts	31,052
Hospital	760
Others	15,727
<b>TOTAL LIABILITIES</b>	<b>1,690,213</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, 2019

1. **Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

Otoe County, Nebraska, (County) is a governmental entity established under and governed by the laws of the State of Nebraska (State). The County is managed by county officials who are elected on a political ballot for four-year terms. As a political subdivision of the State, the County is exempt from State and Federal income taxes. The financial statements include all funds of the County that are not legally separate. The County has also considered all potential component units for which it is financially accountable, as well as other organizations that are either fiscally dependent on the County or maintain a significant relationship with the County, such that exclusion would be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County. The County is also considered financially accountable if an organization is fiscally dependent on and there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

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

**Joint Organization.**

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

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$69,407 toward the operation of the Region during fiscal year 2019. 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.

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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 2019. 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) (Cum. Supp. 2018). Financial information for the Department is available in that report.

**B. Basis of Presentation**

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

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

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

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

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

The County reports the following major governmental funds:

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

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

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

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

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

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

The County designates fund balances as follows:

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

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

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

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

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

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

OTOE COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

**Restricted Net Position.** When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$738,795 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.

OTOE COUNTY

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**2. Deposits and Investments**

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

At year end, the County's carrying amount of deposits was \$4,393,536 for County funds and \$1,690,213 for Fiduciary funds. The bank balances for all funds totaled 6,071,218. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2019, 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 \$1,737,096 deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a nine-member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income that has accrued to each participant is converted as of the close of business of each calendar month into additional units, which thereafter are held in each participant's trust account. Since net income of the fund is allocated among participants each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name.

**3. Property Taxes**

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

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 2018, for the 2018 taxes, which will be materially collected in May and September 2019, was set at \$.299734/\$100 of assessed valuation. The levy set in October 2017, for the 2017 taxes, which were materially collected in May and September 2018, was set at \$.307840/\$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.

OTOE COUNTY

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**4. Retirement System**

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

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

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

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

For the year ended June 30, 2019, 130 employees contributed \$216,262, and the County contributed \$319,915. Contributions included \$9,028 in cash contributions towards the supplemental law enforcement plan for 22 law enforcement employees. Lastly, the County paid \$2,256 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, 2019.

OTOE COUNTY

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**6. Interfund Transfers**

Interfund transfers for the year ended June 30, 2019, consisted of the following:

<b>Transfers to</b>	<u>Transfers from</u> General Fund	Total
Road Fund	\$ 2,260,532	\$ 2,260,532
Inheritance Fund	-	-
Nonmajor Funds	-	-
Total	<u>\$ 2,260,532</u>	<u>\$ 2,260,532</u>

Transfers are used to move unrestricted receipts collected in the General Fund to finance various programs accounted for in the Road fund 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, 2018	\$ 277,992	\$ 259,667	\$ 1,434,719	\$ 1,972,378
Purchases	-	-	-	-
Payments	97,750	99,234	137,935	334,919
Balance June 30, 2019	<u>\$ 180,242</u>	<u>\$ 160,433</u>	<u>\$ 1,296,784</u>	<u>\$ 1,637,459</u>
Future Payments:				
<b>Year</b>				
2020	\$ 101,531	\$ 102,677	\$ 166,983	\$ 371,191
2021	33,151	60,385	166,983	260,519
2022	33,151	-	166,983	200,134
2023	16,575	-	166,983	183,558
2024	-	-	166,983	166,983
2025-2029	-	-	584,441	584,441
Total Payments	<u>184,408</u>	<u>163,062</u>	<u>1,419,356</u>	<u>1,766,826</u>
Less Interest	4,166	2,629	122,572	129,367
Present Value of Future Minimum Lease Payments	<u>\$ 180,242</u>	<u>\$ 160,433</u>	<u>\$ 1,296,784</u>	<u>\$ 1,637,459</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>

OTOE COUNTY

**NOTES TO FINANCIAL STATEMENTS**

(Concluded)

**8. Contingent Liabilities**

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

**9. Long-Term Debt**

The County issued highway bonds in July 2009 in the amount of \$2,535,000 for the purpose of paying the costs associated with road projects in the County. In fiscal year 2015, these bonds were refinanced in the amount of \$1,885,000. The bond payable balance, as of June 30, 2019, was \$975,000. 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>
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>\$ 975,000</b>	<b>\$ 79,835</b>	<b>\$ 1,054,835</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 issuances of additional highway bonds for a total of \$4,455,000. The bond payable balance, as of June 30, 2019, was \$3,540,000. 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>
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	330,000	50,425	380,425
2025-2029	1,440,000	145,920	1,585,920
2030-2034	510,000	30,900	540,900
<b>Total Payments</b>	<b>\$ 3,540,000</b>	<b>\$ 492,745</b>	<b>\$ 4,032,745</b>

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

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 7,806,624	\$ 7,806,624	\$ 7,313,071	\$ (493,553)
Licenses and Permits	69,500	69,500	70,604	1,104
Interest	40,000	40,000	64,371	24,371
Intergovernmental	633,534	633,534	1,198,510	564,976
Charges for Services	577,600	577,600	597,840	20,240
Miscellaneous	60,000	60,000	25,741	(34,259)
TOTAL RECEIPTS	<u>9,187,258</u>	<u>9,187,258</u>	<u>9,270,137</u>	<u>82,879</u>
<b>DISBURSEMENTS</b>				
General Government:				
County Board	151,700	151,700	151,396	304
County Clerk	169,652	169,652	162,722	6,930
County Treasurer	257,494	257,494	256,733	761
Register of Deeds	151,864	151,864	146,113	5,751
County Assessor	239,183	239,183	221,838	17,345
Election Commissioner	81,987	81,987	54,076	27,911
Building and Zoning	41,712	41,712	33,323	8,389
Data Processing Department	290,871	290,871	280,247	10,624
Clerk of the District Court	120,932	120,932	114,390	6,542
County Court System	12,300	12,300	6,388	5,912
Public Defender	164,447	164,447	163,357	1,090
Building and Grounds	161,404	161,404	148,857	12,547
Agricultural Extension Agent	103,771	103,771	99,218	4,553
Coroner	17,500	27,316	27,316	-
Child Support	55,630	55,630	38,085	17,545
Miscellaneous	3,286,332	3,276,516	2,409,291	867,225
Public Safety				
County Sheriff	1,150,320	1,150,320	1,112,647	37,673
County Attorney	317,127	317,127	265,927	51,200
Juvenile Diversion	99,454	99,454	89,435	10,019
County Jail	1,027,050	1,027,050	976,430	50,620
Nuclear Accident-Emergency	53,945	53,945	41,621	12,324
Civil Defense	125,155	125,155	88,692	36,463
Safety Committee	19,000	19,000	197	18,803
Emergency Equipment	100,000	100,000	26,067	73,933
911 Services	192,183	192,183	188,840	3,343
Public Works				
County Surveyor	57,320	57,320	44,918	12,402

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

For the Year Ended June 30, 2019

	<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	6,800	6,800	3,300	3,500
Veteran's Aid	2,200	2,200	2,200	-
Veteran's Service Officer	66,490	66,490	66,470	20
Welfare Ass't Admin	47,900	47,900	47,319	581
Culture and Recreation				
County Museum	5,225	5,225	5,009	216
<b>TOTAL DISBURSEMENTS</b>	<u>8,576,948</u>	<u>8,576,948</u>	<u>7,272,422</u>	<u>1,304,526</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>610,310</u>	<u>610,310</u>	<u>1,997,715</u>	<u>1,387,405</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(2,360,532)	(2,360,532)	(2,260,532)	100,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(2,360,532)</u>	<u>(2,360,532)</u>	<u>(2,260,532)</u>	<u>100,000</u>
Net Change in Fund Balance	(1,750,222)	(1,750,222)	(262,817)	1,487,405
<b>FUND BALANCE - BEGINNING</b>	<u>2,250,222</u>	<u>2,250,222</u>	<u>2,250,222</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 1,987,405</u>	<u>\$ 1,487,405</u>

(Concluded)

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

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ -	\$ -	\$ 21	\$ 21
Licenses and Permits	1,000	1,000	2,025	1,025
Intergovernmental	2,420,184	2,420,184	2,322,177	(98,007)
Charges for Services	-	-	4,721	4,721
Miscellaneous	-	-	13,930	13,930
<b>TOTAL RECEIPTS</b>	<u>2,421,184</u>	<u>2,421,184</u>	<u>2,342,874</u>	<u>(78,310)</u>
<b>DISBURSEMENTS</b>	<u>5,419,615</u>	<u>5,419,615</u>	<u>5,340,595</u>	<u>79,020</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(2,998,431)</u>	<u>(2,998,431)</u>	<u>(2,997,721)</u>	<u>710</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,260,532	2,260,532	2,260,532	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>2,260,532</u>	<u>2,260,532</u>	<u>2,260,532</u>	<u>-</u>
Net Change in Fund Balance	(737,899)	(737,899)	(737,189)	710
FUND BALANCE - BEGINNING	737,899	737,899	737,899	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 710</u>	<u>\$ 710</u>
<b>INHERITANCE FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 800,000	\$ 800,000	\$ 1,391,970	\$ 591,970
Intergovernmental	-	-	780	780
Miscellaneous	503,800	503,800	281,493	(222,307)
<b>TOTAL RECEIPTS</b>	<u>1,303,800</u>	<u>1,303,800</u>	<u>1,674,243</u>	<u>370,443</u>
<b>DISBURSEMENTS</b>	<u>3,724,365</u>	<u>3,724,365</u>	<u>1,243,084</u>	<u>2,481,281</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(2,420,565)</u>	<u>(2,420,565)</u>	<u>431,159</u>	<u>2,851,724</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>
Net Change in Fund Balance	(2,420,565)	(2,420,565)	431,159	2,851,724
FUND BALANCE - BEGINNING	2,420,565	2,420,565	2,420,565	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,851,724</u>	<u>\$ 2,851,724</u>

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

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>HIGHWAY BRIDGE BUYBACK PROGRAM FUND</b>				
Receipts	\$ 447,095	\$ 447,095	\$ 452,623	\$ 5,528
Disbursements	(879,877)	(879,877)	(456,334)	423,543
Net Change in Fund Balance	(432,782)	(432,782)	(3,711)	429,071
Fund Balance - Beginning	432,782	432,782	432,782	-
Fund Balance - Ending	\$ -	\$ -	\$ 429,071	\$ 429,071
<b>VISITOR PROMOTION FUND</b>				
Receipts	\$ 101,036	\$ 101,036	\$ 129,784	\$ 28,748
Disbursements	(130,000)	(130,000)	(114,333)	15,667
Net Change in Fund Balance	(28,964)	(28,964)	15,451	44,415
Fund Balance - Beginning	28,964	28,964	28,964	-
Fund Balance - Ending	\$ -	\$ -	\$ 44,415	\$ 44,415
<b>PRESERVATION &amp; MODERNIZATION FUND</b>				
Receipts	\$ 12,000	\$ 12,000	\$ 11,189	\$ (811)
Disbursements	(18,342)	(18,342)	(523)	17,819
Net Change in Fund Balance	(6,342)	(6,342)	10,666	17,008
Fund Balance - Beginning	6,342	6,342	6,342	-
Fund Balance - Ending	\$ -	\$ -	\$ 17,008	\$ 17,008
<b>DIVERSION PROGRAM FUND</b>				
Receipts	\$ 11,630	\$ 11,630	\$ 10,100	\$ (1,530)
Disbursements	(17,803)	(17,803)	(9,623)	8,180
Net Change in Fund Balance	(6,173)	(6,173)	477	6,650
Fund Balance - Beginning	6,173	6,173	6,173	-
Fund Balance - Ending	\$ -	\$ -	\$ 6,650	\$ 6,650
<b>DRUG LAW ENFORCEMENT AND EDUCATION FUND</b>				
Receipts	\$ 23,608	\$ 23,608	\$ 4,217	\$ (19,391)
Disbursements	(25,000)	(25,000)	(3,400)	21,600
Net Change in Fund Balance	(1,392)	(1,392)	817	2,209
Fund Balance - Beginning	1,392	1,392	1,392	-
Fund Balance - Ending	\$ -	\$ -	\$ 2,209	\$ 2,209

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

For the Year Ended June 30, 2019

	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	\$ 41,474	\$ 41,474	\$ 6,500	\$ (34,974)
Disbursements	(50,000)	(50,000)	(4,759)	45,241
Net Change in Fund Balance	(8,526)	(8,526)	1,741	10,267
Fund Balance - Beginning	8,526	8,526	8,526	-
Fund Balance - Ending	\$ -	\$ -	\$ 10,267	\$ 10,267
<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	\$ 38,368	\$ (1,632)
Disbursements	(222,802)	(222,802)	(28,826)	193,976
Net Change in Fund Balance	(182,802)	(182,802)	9,542	192,344
Fund Balance - Beginning	182,802	182,802	182,802	-
Fund Balance - Ending	\$ -	\$ -	\$ 192,344	\$ 192,344
<b>911 EMERGENCY MANAGEMENT FUND</b>				
Receipts	\$ 50,000	\$ 50,000	\$ 56,402	\$ 6,402
Disbursements	(72,042)	(72,042)	(59,873)	12,169
Net Change in Fund Balance	(22,042)	(22,042)	(3,471)	18,571
Fund Balance - Beginning	22,042	22,042	22,042	-
Fund Balance - Ending	\$ -	\$ -	\$ 18,571	\$ 18,571

(Continued)

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

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>911 WIRELESS SERVICE FUND</b>				
Receipts	\$ 60,915	\$ 60,915	\$ 66,453	\$ 5,538
Disbursements	(40,915)	(40,915)	-	40,915
Transfers in	-	-	-	-
Transfers out	(20,000)	(20,000)	-	20,000
Net Change in Fund Balance	-	-	66,453	66,453
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,453</u>	<u>\$ 66,453</u>
<b>911 WIRELESS SERVICE HOLDING FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(165,043)	(165,043)	-	165,043
Transfers in	20,000	20,000	-	(20,000)
Transfers out	-	-	-	-
Net Change in Fund Balance	(145,043)	(145,043)	-	145,043
Fund Balance - Beginning	145,043	145,043	145,043	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,043</u>	<u>\$ 145,043</u>
<b>COUNTY BUILDINGS MAINTENANCE FUND</b>				
Receipts	\$ -	\$ -	\$ 17,000	\$ 17,000
Disbursements	(413,321)	(413,321)	(105,213)	308,108
Transfers in	100,000	100,000	-	(100,000)
Transfers out	-	-	-	-
Net Change in Fund Balance	(313,321)	(313,321)	(88,213)	225,108
Fund Balance - Beginning	313,321	313,321	313,321	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 225,108</u>	<u>\$ 225,108</u>
<b>COUNTY LANDFILL FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(128,863)	(128,863)	(11,234)	117,629
Net Change in Fund Balance	(128,863)	(128,863)	(11,234)	117,629
Fund Balance - Beginning	128,863	128,863	128,863	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,629</u>	<u>\$ 117,629</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, 2019

	Highway Bridge Buyback Program Fund	Visitor Promotion Fund	Preservation & Modernization Fund	Diversion Program Fund	Drug Law Enforcement and Education Fund
<b>RECEIPTS</b>					
Property Taxes	\$ -	\$ 129,784	\$ -	\$ -	\$ -
Investment Income	-	-	-	-	4
Intergovernmental	452,623	-	-	-	1,662
Charges for Services	-	-	11,189	10,100	-
Miscellaneous	-	-	-	-	2,551
<b>TOTAL RECEIPTS</b>	<u>452,623</u>	<u>129,784</u>	<u>11,189</u>	<u>10,100</u>	<u>4,217</u>
<b>DISBURSEMENTS</b>					
General Government	-	-	523	-	-
Public Safety	-	-	-	9,623	3,400
Public Works	456,334	-	-	-	-
Culture and Recreation	-	114,333	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>456,334</u>	<u>114,333</u>	<u>523</u>	<u>9,623</u>	<u>3,400</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(3,711)</u>	<u>15,451</u>	<u>10,666</u>	<u>477</u>	<u>817</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	(3,711)	15,451	10,666	477	817
<b>FUND BALANCES - BEGINNING</b>	<u>432,782</u>	<u>28,964</u>	<u>6,342</u>	<u>6,173</u>	<u>1,392</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 429,071</u>	<u>\$ 44,415</u>	<u>\$ 17,008</u>	<u>\$ 6,650</u>	<u>\$ 2,209</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	-	44,415	-	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	2,209
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	17,008	-	-
Bridge/Road Projects	429,071	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	6,650	-
County Buildings	-	-	-	-	-
Special Projects	-	-	-	-	-
Landfill Closures	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 429,071</u>	<u>\$ 44,415</u>	<u>\$ 17,008</u>	<u>\$ 6,650</u>	<u>\$ 2,209</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, 2019

	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	\$ -	\$ -	\$ -	\$ -	\$ 56,402
Investment Income	-	-	-	883	-
Intergovernmental	-	-	-	-	-
Charges for Services	-	-	-	37,400	-
Miscellaneous	-	6,500	-	85	-
<b>TOTAL RECEIPTS</b>	<u>-</u>	<u>6,500</u>	<u>-</u>	<u>38,368</u>	<u>56,402</u>
<b>DISBURSEMENTS</b>					
General Government	-	-	-	28,826	-
Public Safety	-	4,759	-	-	59,873
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>-</u>	<u>4,759</u>	<u>-</u>	<u>28,826</u>	<u>59,873</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>-</u>	<u>1,741</u>	<u>-</u>	<u>9,542</u>	<u>(3,471)</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	-	1,741	-	9,542	(3,471)
<b>FUND BALANCES - BEGINNING</b>	<u>11,734</u>	<u>8,526</u>	<u>4,291</u>	<u>182,802</u>	<u>22,042</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 11,734</u>	<u>\$ 10,267</u>	<u>\$ 4,291</u>	<u>\$ 192,344</u>	<u>\$ 18,571</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	-	-	-	-	18,571
Drug Education	-	-	-	-	-
Law Enforcement	11,734	-	4,291	-	-
Preservation of Records	-	-	-	-	-
Bridge/Road Projects	-	-	-	-	-
Committed to:					
Law Enforcement	-	10,267	-	-	-
County Buildings	-	-	-	-	-
Special Projects	-	-	-	192,344	-
Landfill Closures	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 11,734</u>	<u>\$ 10,267</u>	<u>\$ 4,291</u>	<u>\$ 192,344</u>	<u>\$ 18,571</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, 2019

	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	\$ 66,453	\$ -	\$ -	\$ -	\$ 252,639
Investment Income	-	-	-	-	887
Intergovernmental	-	-	-	-	454,285
Charges for Services	-	-	-	-	58,689
Miscellaneous	-	-	17,000	-	26,136
<b>TOTAL RECEIPTS</b>	<u>66,453</u>	<u>-</u>	<u>17,000</u>	<u>-</u>	<u>792,636</u>
<b>DISBURSEMENTS</b>					
General Government	-	-	105,213	11,234	145,796
Public Safety	-	-	-	-	77,655
Public Works	-	-	-	-	456,334
Culture and Recreation	-	-	-	-	114,333
<b>TOTAL DISBURSEMENTS</b>	<u>-</u>	<u>-</u>	<u>105,213</u>	<u>11,234</u>	<u>794,118</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>66,453</u>	<u>-</u>	<u>(88,213)</u>	<u>(11,234)</u>	<u>(1,482)</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	66,453	-	(88,213)	(11,234)	(1,482)
<b>FUND BALANCES - BEGINNING</b>	<u>-</u>	<u>145,043</u>	<u>313,321</u>	<u>128,863</u>	<u>1,292,275</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 66,453</u>	<u>\$ 145,043</u>	<u>\$ 225,108</u>	<u>\$ 117,629</u>	<u>\$ 1,290,793</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	-	-	-	-	44,415
911 Emergency Services	66,453	145,043	-	-	230,067
Drug Education	-	-	-	-	2,209
Law Enforcement	-	-	-	-	16,025
Preservation of Records	-	-	-	-	17,008
Bridge/Road Projects	-	-	-	-	429,071
Committed to:					
Law Enforcement	-	-	-	-	16,917
County Buildings	-	-	225,108	-	225,108
Special Projects	-	-	-	-	192,344
Landfill Closures	-	-	-	117,629	117,629
<b>TOTAL FUND BALANCES</b>	<u>\$ 66,453</u>	<u>\$ 145,043</u>	<u>\$ 225,108</u>	<u>\$ 117,629</u>	<u>\$ 1,290,793</u>

(Concluded)

**OTOE COUNTY**  
**SCHEDULE OF OFFICE ACTIVITIES**  
For the Year Ended June 30, 2019

	County Clerk	Register of Deeds	Clerk of the District Court	County Sheriff	County Attorney	County Child Support Enforcement	County Keno	County Emergency Manager	Total
BALANCES JULY 1, 2018	\$ 1,151	\$ 21,290	\$ 51,671	\$ 7,598	\$ 747	\$ 300	\$ 3,302	\$ 275	\$ 86,334
<b>RECEIPTS</b>									
Property Taxes	-	-	-	-	-	-	-	-	-
Licenses and Permits	2,200	-	-	805	-	-	-	-	3,005
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for Services	1,839	103,810	22,282	45,973	2,108	-	-	-	176,012
Miscellaneous	856	-	-	936	721	1,077	26,839	203	30,632
State Fees	32	118,233	36,598	-	-	-	9,749	-	164,612
Other Liabilities	-	-	544,567	11,570	7,172	-	-	-	563,309
<b>TOTAL RECEIPTS</b>	<b>4,927</b>	<b>222,043</b>	<b>603,447</b>	<b>59,284</b>	<b>10,001</b>	<b>1,077</b>	<b>36,588</b>	<b>203</b>	<b>937,570</b>
<b>DISBURSEMENTS</b>									
Payments to County Treasurer	3,838	103,589	27,230	46,737	2,674	-	27,430	-	211,498
Payments to State Treasurer	37	117,355	37,927	-	-	-	9,970	-	165,289
Other Liabilities	856	-	510,541	11,967	7,279	1,077	-	203	531,923
<b>TOTAL DISBURSEMENTS</b>	<b>4,731</b>	<b>220,944</b>	<b>575,698</b>	<b>58,704</b>	<b>9,953</b>	<b>1,077</b>	<b>37,400</b>	<b>203</b>	<b>908,710</b>
BALANCES JUNE 30, 2019	\$ 1,347	\$ 22,389	\$ 79,420	\$ 8,178	\$ 795	\$ 300	\$ 2,490	\$ 275	\$ 115,194
<b>BALANCES CONSIST OF:</b>									
Due to County Treasurer	\$ 347	\$ 9,669	\$ 719	\$ 7,132	\$ 47	\$ -	\$ 1,830	\$ -	\$ 19,744
Petty Cash	1,000	50	100	1,000	500	300	-	275	3,225
Due to State Treasurer	-	12,670	1,641	-	-	-	660	-	14,971
Due to Others	-	-	76,960	46	248	-	-	-	77,254
BALANCES JUNE 30, 2019	\$ 1,347	\$ 22,389	\$ 79,420	\$ 8,178	\$ 795	\$ 300	\$ 2,490	\$ 275	\$ 115,194

**OTOE COUNTY**  
**SCHEDULE OF TAXES CERTIFIED AND COLLECTED**  
**FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY**  
June 30, 2019

Item	2014	2015	2016	2017	2018
<b>Tax Certified by Assessor</b>					
Real Estate	\$ 30,300,882	\$ 32,426,068	\$ 33,084,243	\$ 33,620,043	\$ 34,098,917
Personal and Specials	2,299,766	2,294,975	2,211,252	2,202,226	2,234,395
<b>Total</b>	<b>32,600,648</b>	<b>34,721,043</b>	<b>35,295,495</b>	<b>35,822,269</b>	<b>36,333,312</b>
<b>Corrections</b>					
Additions	7,553	7,426	6,989	1,740	7,036
Deductions	(5,490)	(8,018)	(13,558)	(4,828)	(12,597)
Net Additions/ (Deductions)	2,063	(592)	(6,569)	(3,088)	(5,561)
<b>Corrected Certified Tax</b>	<b>32,602,711</b>	<b>34,720,451</b>	<b>35,288,926</b>	<b>35,819,181</b>	<b>36,327,751</b>
<b>Net Tax Collected by County Treasurer during Fiscal Year Ending:</b>					
June 30, 2015	20,818,773	-	-	-	-
June 30, 2016	11,756,706	22,140,894	-	-	-
June 30, 2017	12,360	12,550,876	22,451,303	-	-
June 30, 2018	3,223	14,406	12,815,746	23,107,316	-
June 30, 2019	2,330	4,090	10,437	12,691,547	23,092,967
<b>Total Net Collections</b>	<b>32,593,392</b>	<b>34,710,266</b>	<b>35,277,486</b>	<b>35,798,863</b>	<b>23,092,967</b>
<b>Total Uncollected Tax</b>	<b>\$ 9,319</b>	<b>\$ 10,185</b>	<b>\$ 11,440</b>	<b>\$ 20,318</b>	<b>\$ 13,234,784</b>
<b>Percentage Uncollected Tax</b>	<b>0.03%</b>	<b>0.03%</b>	<b>0.03%</b>	<b>0.06%</b>	<b>36.43%</b>

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



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Charlie Janssen  
State Auditor

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

Board of Commissioners  
Otoe County, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Otoe County, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Otoe County's basic financial statements, and have issued our report thereon dated October 16, 2019. 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 October 16, 2019.

### **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

October 16, 2019



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Charlie Janssen  
State Auditor

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402-471-2111, FAX 402-471-3301  
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October 16, 2019

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, 2019, and have issued our report thereon dated October 16, 2019. 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 that the offices of the County each lacked a segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. A lack of segregation of duties increases the risk of possible errors or irregularities; however, due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost. This was also noted in prior audits.

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

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

## COUNTY BOARD

### Keno Lottery Fund Payments

During the fiscal year, the County approved a policy and application process to allow certain businesses, vendors, or entities to apply for funding from the Keno Lottery Fund. We noted that the County made payments, totaling \$19,000, out of the Keno Lottery Fund during the fiscal year to certain entities, as shown in the table below. However, documentation supporting how the funds were used by those entities was not on file.

<b>Claim Number</b>	<b>Entity</b>	<b>Amount</b>
19030138	Syracuse Foundation	\$ 10,000
19050178	Blue Rivers Transportation	\$ 6,000
19060133	Project Response	\$ 3,000
<b>Total</b>		<b>\$ 19,000</b>

A good internal control plan and sound business practices require procedures to ensure that any grant of public funds is supported by adequate documentation showing that the monies were spent appropriately. Without such procedures, there is an increased risk of loss or misuse of County Funds.

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

## COUNTY SHERIFF

### Unauthorized Bank Withdrawal

During the audit, we noted that a payment of \$29,000 cleared one of the County Treasurer's bank accounts; however, a County Sheriff's deputy who was not an authorized signer on the bank account made that withdrawal.

On October 5, 2018, the County Sheriff's office seized \$29,000 in cash from an individual connected to a Federal case with the U.S. Customs and Border Protection agency. That Federal agency asked the County Sheriff's office to take the cash and provide a cashier's check in return. When the cashier's check was requested, the funds were deposited inappropriately and withdrawn from the County Treasurer's bank account.

Good internal controls and sound business practices require procedures to ensure that only authorized signers are allowed to make transactions on the County Treasurer's bank accounts.

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

We recommend the County Board and the County Treasurer implement procedures to ensure only authorized signers are allowed to make transactions on the County Treasurer's bank accounts.

## **Accounting Procedures**

During the audit, we noted that the County Sheriff's fund balance had an unknown long of \$585 at June 30, 2019. This is mainly the result of the County Sheriff not maintaining an accurate and complete listing of accounts receivables and not performing a periodic office asset (cash on hand, reconciled bank balance, and accounts receivable) to office liability (fees on hand, trust accounts, and accounts payable) reconciliation.

The County Sheriff provided an accounts receivable listing from the accounting system utilized by the office; however, this report showed \$23,756 in accounts receivables as of June 30, 2019, with accounts receivable dating to fiscal year 2013 or earlier. According to the County Sheriff's office, the amount reported was largely inaccurate and not reflective of actual accounts receivable.

A good internal control plan and sound business practices require procedures to ensure the following: 1) office assets agree with office liabilities, and any variances noted are resolved timely; and 2) adequate follow-up procedures are performed to resolve accounts receivable balances.

Without such procedures, there is an increased risk for financial errors and/or irregularities to occur and remain undetected. A similar comment was noted in the prior year.

We recommend the County Sheriff implement procedures to ensure the following: 1) office assets agree with office liabilities, and any variances noted are resolved timely and 2) adequate follow-up procedures are performed to resolve accounts receivable balances.

## **COUNTY TREASURER**

### **Coding Errors**

During our testing, we noted that the County Treasurer made the following coding errors:

- Miscoded \$1,081 of recording fees collected by the County Register of Deeds for November 2018 to the County Preservation & Modernization Fund instead of the County General Fund.
- Erroneously made a duplicate entry trying to correct a previous error. During the fiscal year, the County Treasurer coded \$5,538 to the General Fund rather than the 911 Wireless Service Fund. In an attempt to move these funds from the General Fund to the 911 Wireless Service Fund, two corrections for this amount were made, one in September 2018 and another in March 2019. In August 2019, the County Board approved an adjustment to correct this duplicate error; however, as of fieldwork in mid-September, no correction had been made.

Good internal controls require procedures to ensure that coding errors are discovered, and any necessary corrections or adjustments are made in a timely manner.

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

We recommend the County Treasurer implement procedures to ensure proper coding for all receipts and adjustments.

## **COUNTY CHILD SUPPORT ENFORCEMENT**

### **Petty Cash Procedures**

During the audit, we noted the following issues regarding the County Child Support Enforcement petty cash procedures:

- A reconciliation of the petty cash bank account to the authorized petty cash amount of \$300 was not completed. As of June 30, 2019, there was an unknown variance of \$132.
- Refunded fees that were previously reimbursed through the claim process were not appropriately remitted to the County Treasurer. This resulted in the book balance exceeding the authorized petty cash amount by \$10 in August 2018.

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

*The county board shall have the authority to establish a petty cash fund for such county for the purpose of making payments for subsidiary general operational expenditures and purchases. Such county board shall set, by resolution of the board, the amount of money to be carried in such petty cash fund and the dollar limit of an expenditure from such fund and such amount shall be stated in the fiscal policy of the county board budget message.*

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

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

A good internal control plan and sound accounting practices require procedures to ensure the following: 1) a periodic reconciliation of petty cash funds to the authorized petty cash amount is performed; and 2) any refunds that have been covered by a petty cash claim reimbursement are remitted the County Treasurer.

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

We recommend County Child Support Enforcement implement procedures to ensure the following: 1) a periodic reconciliation of petty cash funds to the authorized petty cash amount is performed; and 2) any refunds that have been covered by a petty cash claim reimbursement are remitted the County Treasurer.

## **COUNTY CLERK OF THE DISTRICT COURT**

### **Trust Balances**

During testing, we noted that the County Clerk of the District Court (District Court) was erroneously holding two trust balances, as follows:

- The District Court received a \$75 payment on August 11, 2016, for a Nebraska Supreme Court (Court) costs bond. Subsequently, the District Court received a mandate from Court on April 11, 2017. As of fieldwork in September 2019, the funds were still on hand.

- The District Court received a \$75 payment on July 20, 2016, for a Court costs bond. Subsequently the District Court received a mandate from the Court on January 27, 2018. As of fieldwork in September 2019, the funds were still on hand.

Good internal control and sound business practices require procedures to ensure that trust balances of the District Court are reviewed – through, among other things, a periodic examination of the District Court’s monthly financial reports, such as the Monthly Case Balance Report – on an ongoing and timely basis to determine what action should be taken to refund and/or resolve those balances.

Without such procedures, there is an increased risk of loss, theft, misuse, or improper payment of monies held by the District Court.

We recommend the District Court implement procedures to ensure that trust balances of the District Court are reviewed on an ongoing and timely basis to determine what action should be taken to refund and/or resolve those balances.

### **COUNTY CLERK**

#### **Interest Remittance**

During the audit, we noted that interest earned on the County Clerk’s imprest bank account from September 2018 through June 2019, totaling \$176, had not been remitted to the County Treasurer as of fieldwork in mid-September 2019.

The County Clerk was unaware that interest earned on the bank account should be remitted to the County Treasurer.

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

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

Good internal control requires procedures to ensure that interest earned on County funds is remitted to the County Treasurer in a timely manner.

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

We recommend the County Clerk implement procedures to ensure interest earned on County funds is remitted to the County Treasurer in a timely manner.

\* \* \* \* \*

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 stroke at the end.

Deann Haeffner, CPA  
Assistant Deputy Auditor