

**AUDIT REPORT  
OF THE  
BOYD COUNTY  
MONITORING COMMITTEE**

**JANUARY 1, 1998 THROUGH  
DECEMBER 31, 2000**

# BOYD COUNTY MONITORING COMMITTEE

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## BOYD COUNTY MONITORING COMMITTEE

### BACKGROUND

The Boyd County Monitoring Committee (Committee) was established by Neb. Rev. Stat. Section 81-15,101.01, R.R.S. 1999, to represent the citizens of the proposed site areas and to maintain communication with the developer of the facility and the Nebraska Department of Environmental Quality (NDEQ). The Committee's duties were to assure protection of the public health and safety and the protection of the air, land, and water resources of the area. The functions and duties of the Committee are further defined in Title 194 of the Nebraska Administrative Code established by the NDEQ.

The Committee is composed of ten members appointed by various governmental bodies including the municipalities within fifteen miles of the proposed site, the governing body of the county, the board of directors of the natural resources district where the proposed site is located, and the governor. Title 194 NAC 11-001.01 established the duties of the Committee as, "The committees shall represent the interests of the citizens of the site areas and shall maintain communication with the developer and the department to assure protection of the public health and safety and the protection of the air, land, and water resources of the area."

The Committee can receive annual grants of up to \$100,000 to be used for the reasonable and necessary costs of the Committee. The Committee can hire clerical staff and purchase office supplies. The Committee may not hire professional or technical staff, but may contract for professional or technical services.

During the audit period several major activities and decisions occurred in the licensing process which greatly affected the Committee. On October 29, 1997, NDEQ released the Draft Environmental Impact Analysis (DEIA) and the Draft Safety Evaluation Report (DSER) for the proposed site and marked the beginning of a public comment period. On August 6, 1998, NDEQ announced its preliminary intent to deny the license for the site. Then, on December 18, 1998, NDEQ decided to deny US Ecology's license application for the proposed site. However, the denial of the application did not end the Committee's duties, because on January 15, 1999, US Ecology filed a petition for a contested case challenging NDEQ's decision.

During the period of our audit, the Committee hired one full-time and one part-time clerical employees. However, as of April 1999, the Committee closed its office and no longer had permanent employees on staff.

## BOYD COUNTY MONITORING COMMITTEE

### COMMENT AND RECOMMENDATION

During our audit of the Boyd County Monitoring Committee, we noted certain matters involving the internal control over financial reporting and other operational matters that are presented here. Comments and recommendations are intended to improve the internal control over financial reporting, ensure compliance, or result in operational efficiencies.

#### 1. Accounting Procedures

Prior to April 1999, the Committee employed a full-time office person to maintain the Committee's financial records. In April 1999, the Committee closed its office in Butte, Nebraska and terminated the employment of the office person. The responsibility of the Committee's financial records was then turned over to the Committee's Chair and Secretary. Our review of the Committee's records noted the following occurred after April 1999:

- The Committee's checking account had not been reconciled to the bank balance since April 1999. As a result of not reconciling the account, the Committee did not know a check written in June of 1999 had never been cashed.
- The Committee continued to operate a copy machine and provide copies of documents related to the records of the Committee for a fee. The Committee no longer maintained a ledger showing the amount of copy fees collected or the amount deposited to the bank. After reviewing the Committee meeting minutes, it was determined \$132 in photocopying receipts had been collected through December 31, 2000 that had not yet been deposited.
- The Committee was unable to provide certain accounting records such as bank statements and vendor invoices for the audit period. Copies of bank statements were obtained from the bank, but invoices could not be located for two of 18 Committee payments tested.
- The former office employee was still authorized to provide a signature on one of the Committee's bank accounts as of December 31, 2000.

Sound business practices require the Committee to continue to maintain accounting records even though they have no paid office staff. Good internal controls require bank authorizations be current to protect the Committee's funds.

We recommend the Committee begin maintaining accounting records immediately. These records should include a ledger of fees collected and deposited, bank statements for all Committee accounts and investments, regular reconciliations of the bank statements, and invoices for all vendor payments made.

## BOYD COUNTY MONITORING COMMITTEE

### COMMENT AND RECOMMENDATION

(Concluded)

#### 1. **Accounting Procedures** (Concluded)

In addition, we recommend the Committee immediately remove the former office employee from the bank's authorization listing and keep the authorization listing current in the future.

##### *Committee's Response:*

- *Check number 2911 was never cashed and was returned as it was a duplicate.*
- *\$132 in photocopy receipts was written off due to the break in and theft at the Chairman's place of business.*
- *Office manager (former) was removed by chairman from the bank authorizations.*

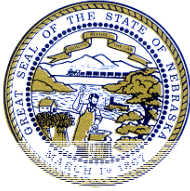
It should be noted this report is critical in nature since it contains only our comment and recommendation on the area noted for improvement.

Draft copies of this report were furnished to the NDEQ and the Committee to provide them an opportunity to review and to respond to the comment and recommendation included in the report. All formal responses received have been incorporated into this report. Responses have been objectively evaluated and recognized, as appropriate, in the report. Responses that indicate corrective action has been taken were not verified at this time but will be verified in the next audit.

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

STATE OF NEBRASKA  
Auditor of Public Accounts

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BOYD COUNTY MONITORING COMMITTEE

**INDEPENDENT AUDITORS' REPORT**

We have audited the financial statement of the Boyd County Monitoring Committee as of and for the calendar years ended December 31, 1998, 1999, and 2000, as listed in the Table of Contents. The financial statement is the responsibility of the Committee's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the fund balances of the Boyd County Monitoring Committee as of December 31, 1998, 1999, and 2000, and the receipts and disbursements for the calendar years then ended, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated January 25, 2001, on our consideration of Boyd County Monitoring Committee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

January 25, 2001

A handwritten signature in dark ink that reads "Don Dunlap CPA". The signature is written in a cursive, flowing style.

Manager

BOYD COUNTY MONITORING COMMITTEE  
**STATEMENT OF CASH ACTIVITY AND CHANGES IN FUND BALANCES**  
For the Years Ended December 31, 1998, 1999, and 2000

	<u>1998</u>	<u>1999</u>	<u>2000</u>
Receipts:			
Grants from the State	\$ 100,000	\$ 50,975	
Copy Fees	1	94	\$ 52
Interest Earned	<u>4,279</u>	<u>1,309</u>	<u>1,976</u>
Total Receipts	104,280	52,378	2,028
Disbursements:			
Labor:			
Payroll	17,678	2,293	133
Payroll Taxes	<u>4,952</u>	<u>1,599</u>	<u>137</u>
Total Labor	<u>22,630</u>	<u>3,892</u>	<u>270</u>
Contract Labor	6,593	-	-
Legal and Professional Fees	85,463	18,368	2,494
Member Expenses:			
Air Travel	555	1,252	-
Automobile Reimbursements	3,806	859	-
Lodging	1,459	-	-
Meals	710	-	-
Parking, Fees, Other	691	-	-
Telephone	<u>220</u>	<u>-</u>	<u>-</u>
Total Member Expenses	<u>7,441</u>	<u>2,111</u>	<u>-</u>
Office Expenses:			
Advertising	518	243	74
Bank Charges	15	33	16
Heating	390	172	-
Miscellaneous	1,254	392	1,044
Paper, Etc.	<u>3,715</u>	<u>554</u>	<u>-</u>
Total Office Expenses	<u>5,892</u>	<u>1,394</u>	<u>1,134</u>
Meeting Place Rentals	2,285	930	60
Utilities:			
Telephone	2,652	516	-
Water, Garbage, Sewer	430	187	-
Other	<u>193</u>	<u>71</u>	<u>209</u>
Total Utilities	<u>3,275</u>	<u>774</u>	<u>209</u>
Total Disbursements	<u>133,579</u>	<u>27,469</u>	<u>4,167</u>
Excess (Deficiency) of Receipts Over Disbursements	(29,299)	24,909	(2,139)
Fund Balance, January 1	59,611	30,164	55,103
Adjustment to Fund Balance	<u>(148)</u>	<u>30</u>	<u>55</u>
Fund Balance, December 31	<u>\$ 30,164</u>	<u>\$ 55,103</u>	<u>\$ 53,019</u>
Fund Balance Consists of:			
Office Cash	\$ 46	\$ 79	\$ 132
Cash in Bank	<u>30,118</u>	<u>55,024</u>	<u>52,887</u>
Total Fund Balance	<u>\$ 30,164</u>	<u>\$ 55,103</u>	<u>\$ 53,019</u>

See Notes to Financial Statement



## BOYD COUNTY MONITORING COMMITTEE

### NOTES TO FINANCIAL STATEMENT

#### 1. **Summary of Significant Accounting Policies**

The financial statement of the Boyd County Monitoring Committee has been prepared on the cash basis of accounting. The more significant of the Boyd County Monitoring Committee accounting policies are described below.

##### a. **Reporting Entity**

The Boyd County Monitoring Committee (Committee) is established under the laws of the State of Nebraska. Since the Committee's only funding comes from the State, the Committee's existence is limited to the extent of funding received. The financial statement includes all funds of the Committee.

##### b. **Basis of Accounting**

The accounting records of the Committee are maintained and the Committee's financial statements were prepared on the basis of cash receipts and disbursements. Under this method, revenues are recognized when received and expenditures are recognized when paid. This presentation differs from governmental generally accepted accounting principles, which requires the use of the modified accrual basis for the governmental fund type. Under the modified accrual basis of accounting, revenues are recognized when they are considered susceptible to accrual and expenditures are recognized when the liability is incurred.

##### c. **Accounts**

The Committee has only one fund, which classified and reported its transactions to various disbursement accounts. The Statement of Cash Activity was generally prepared showing the same detail as the Committee's accounting records.

##### d. **General Fixed Assets**

General fixed assets are not capitalized by the Committee. Instead, the Committee records capital acquisition as a capital outlay disbursement at the time of payment.

The Committee retains responsibility for the accountability of the fixed assets purchased. The assets should be reported in the Committee's general fixed assets account group.

BOYD COUNTY MONITORING COMMITTEE

NOTES TO FINANCIAL STATEMENT

(Concluded)

2. **Deposits**

The Committee had one checking and three savings accounts during the audit period. The carrying amounts and bank balances of the Committee's deposits were as follows:

	Carrying Amount	Bank Balance
December 31, 1998	\$ 30,118	\$ 36,515
December 31, 1999	55,024	55,124
December 31, 2000	52,887	52,968

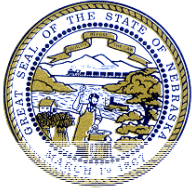
All funds were entirely covered by federal deposit insurance.

3. **Ability to Continue as a Going Concern**

The Committee's ability to continue as a going concern is limited to its funding received from the NDEQ and the continuation of a license application review process. The NDEQ's decision on December 18, 1998 to deny the license application indicates the Committee's responsibilities may be coming to an end. However, the license applicant filed a petition for a contested case on January 15, 1999, challenging NDEQ's decision. The Committee feels its duties remain as long as the case is being contested.

STATE OF NEBRASKA  
Auditor of Public Accounts

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**BOYD COUNTY MONITORING COMMITTEE  
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited the financial statement of the Boyd County Monitoring Committee as of and for calendar years ended December 31, 1998, 1999, and 2000, and have issued our report thereon dated January 25, 2001. The report notes the financial statements were prepared on the basis of cash receipts and disbursements. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Boyd County Monitoring Committee's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Boyd County Monitoring Committee's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low

level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that we have reported to management of the Boyd County Monitoring Committee in the Comment Section of this report as Comment Number 1 (Accounting Procedures).

This report is intended solely for the information of the Committee and state regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

January 25, 2001

A handwritten signature in dark ink, reading "Don Dunlop CPA". The signature is written in a cursive, flowing style.

Manager