

**HOWARD COUNTY
NEBRASKA**

**COMBINED FINANCIAL STATEMENTS,
SUPPLEMENTAL INFORMATION, AND
INDEPENDENT AUDITORS' REPORT FOR
THE FISCAL YEAR ENDED JUNE 30, 2002**

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HOWARD COUNTY, NEBRASKA
 COMBINED FINANCIAL STATEMENTS, SUPPLEMENTAL
 INFORMATION, AND INDEPENDENT AUDITORS' REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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HOWARD COUNTY

LIST OF COUNTY OFFICIALS

At June 30, 2002

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Bill Sack	Board of Commissioners	Jan. 2007
James Watson		Jan. 2007
Philip Bader		Jan. 2007
Marvin Caspersen		Jan. 2005
Gary Rasmussen		Jan. 2005
Neal Dethlefs	Assessor	Jan. 2007
Karin Noakes	Attorney	Appointed
Marge Palmberg	Clerk Clerk of the District Court Election Commissioner Register of Deeds	Jan. 2007
Troy Kaiser	Sheriff	Jan. 2007
Connie Nickel	Treasurer	Jan. 2007
Donald Shuda	Veterans' Service Officer	Appointed
Dan Fredrick	Weed Superintendent	Appointed
Ron Vonderohe	Planning and Zoning	Appointed

HOWARD COUNTY

SUMMARY OF COMMENTS

During our audit of Howard County, we noted certain matters involving the internal control structure and other operational matters which are presented here. These comments and recommendations are intended to improve the internal control structure or result in operational efficiencies in the following areas:

County Overall

1. ***Segregation of Duties:*** One person could handle all aspects of processing a transaction from beginning to end.

County Board

2. ***Hospital Budget:*** The financial data of the Community Hospital was not included in the County's budget document.
3. ***Competitive Bidding Requirements:*** County Purchasing Act requirements were not followed in the acquisition of a patrol car for the Sheriff's office.
4. ***Inventory Procedures:*** Office inventories were not consistent with sound accounting practices regarding valuation, State Statutes regarding filing of inventory statements, and County Board policy regarding capitalization of purchases.

County Sheriff

5. ***Balancing Procedures:*** The office lacked complete, documented balancing procedures for office financial activity.

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

Draft copies of this report were furnished to the various county officials to provide them an opportunity to review the report and to respond to the comments and recommendations included in this report. The official's declined to respond.

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

HOWARD COUNTY

COMMENTS AND RECOMMENDATIONS

COUNTY OVERALL

1. **Segregation of Duties**

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

We noted the offices of the Treasurer, Clerk, Clerk of the District Court, Sheriff, Attorney, Planning and Zoning, and Highway Superintendent had a lack of segregation of duties since one person could handle all aspects of processing a transaction from beginning to end. Due to a limited number of personnel, an adequate segregation of duties is not possible without additional cost.

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

2. **Hospital Budget**

Neb. Rev. Stat. Section 13-504 R.S.Supp., 2002 sets forth the information to be contained in a governing body's budget statement including actual and estimated revenues and expenditures from all sources. The Nebraska Budget Act consistently refers to "all sources" when describing information to be included in the governing body's budget statement.

The Howard County Community Hospital was not included in the County's budget document. As a result, the County's budget document did not provide all of the required financial data to the taxpayers of the County. This was also a prior year comment.

We recommend the County obtain and include hospital revenues and expenditures in its budget document.

3. **Competitive Bidding Requirements**

Neb. Rev. Stat. Section 23-3108(1) R.R.S. 1997 requires a competitive sealed bidding process be followed if the estimated value of a purchase is ten thousand dollars or more. We noted the Howard County Sheriff's Office purchased a patrol car, valued at \$22,700, without following a competitive sealed bidding process. A similar patrol car purchase, which also did not follow a competitive sealed bid process, was noted in the prior audit.

HOWARD COUNTY

COMMENTS AND RECOMMENDATIONS

COUNTY BOARD

3. **Competitive Bidding Requirements** (Concluded)

We recommend the County Purchasing Act requirements be followed when purchasing property or services in the future.

4. **Inventory Procedures**

Neb. Rev. Stat. Section 23-347 R.R.S. 1997 requires inventory statements of all property in the custody of the County be filed within two months after the close of the fiscal year. In addition, the County Board, in its inventory policy, has established a \$50 limit for capitalization of County personal property. Lastly, sound accounting practice requires property to be listed on the annual inventory statements at either original cost or an estimated historical cost. In addition, the inventory form prescribed by the Auditor of Public Accounts as per Neb. Rev. Stat. Section 23-346 R.R.S. 1997, also requires all inventory listed therein to be reflected at original or estimated historical cost at acquisition.

We noted the following:

- The Sheriff's Office did not file an inventory statement with the County Clerk for the fiscal year ended June 30, 2002. In addition, inventory statements for County Road Shops 1, 2, and 3 were not filed by the August 31, 2002 deadline.
- The 911 Center and County Road Shops 1, 2, and 3, all continued to carry items with an original or estimated historical cost of less than \$50 on their inventory listings.
- A 1993 Ford Crown Victoria, which had been listed at its original cost of \$22,000 on prior Sheriff's inventory listings, was transferred to the Assessor's office. However, when the Assessor's office added this asset to their inventory listing they listed original cost at only \$500; a difference of \$21,500.

We recommend all County officers complete inventory statements in accordance with Sections 23-346 and 23-347 as well as in accordance with the County Board's inventory policy.

COUNTY SHERIFF

5. **Balancing Procedures**

The Sheriff's Accounting Manual, issued by the Auditor of Public Accounts, and sound accounting practice require at the close of each month's business office assets (cash on hand, reconciled bank balance, and accounts receivable) be in agreement with office liabilities (fees, commissions, mileage, and

HOWARD COUNTY

COMMENTS AND RECOMMENDATIONS

COUNTY SHERIFF

5. **Balancing Procedures** (Concluded)

refunds). Sound accounting practices also require documentation be available to support accounts receivable, amounts to be refunded, and advance executions and that those amounts are current. Failure to perform balancing procedures can result in the misuse or loss of funds and can result in errors going undetected.

During our audit, we noted the following:

- The Sheriff's office assets did not balance to office liabilities as of June 30, 2002. Records indicated office assets exceeded office liabilities by \$161.
- The listing of accounts receivable noted several balances were over one year old.

We recommend the County Sheriff implement monthly balancing procedures to ensure office assets agree to office liabilities. We further recommend accounts receivable be followed up on to collect old accounts receivable.

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INDEPENDENT AUDITORS' REPORT

We have audited the accompanying primary government financial statements of Howard County as of and for the fiscal year ended June 30, 2002, as listed in the Table of Contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. In our opinion, the primary government financial statements, present fairly, in all material respects, the fund balances of the primary government of Howard County as of June 30, 2002, and the receipts and disbursements for the fiscal year then ended, on the basis of accounting described in Note 1.

However, the primary government financial statements, because they do not include the financial data of the Howard County Community Hospital, a component unit of Howard County, do not purport to, and do not, present fairly the fund balances of Howard County as of June 30, 2002, and the receipts and disbursements for the fiscal year then ended, on the basis of accounting described in Note 1.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated April 9, 2003 on our consideration of the primary government of Howard County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the primary government financial statements taken as a whole.

April 9, 2003


Deputy State Auditor

Howard County, Nebraska
 Combined Statement of Assets, Other Debits, Liabilities, Fund Balances,
 and Other Credits Arising from Cash Transactions-
 All Fund Types and Account Groups
 June 30, 2002

Exhibit A

	Governmental Fund Types		Fiduciary	Account Groups	Totals 2002 (Memorandum Only)
	General	Special Revenue	Trust and Agency	General Fixed Assets	
ASSETS AND OTHER DEBITS					
Assets:					
Equity in Pooled Cash and Investments (Note 2)	\$ 1,209,032	\$ 1,642,142	\$ 233,567	\$ -	\$ 3,084,741
Fixed Assets (Note 5)	-	-	-	3,655,758	3,655,758
Total Assets and Other Debits	<u>\$ 1,209,032</u>	<u>\$ 1,642,142</u>	<u>\$ 233,567</u>	<u>\$ 3,655,758</u>	<u>\$ 6,740,499</u>
LIABILITIES					
FUND BALANCES AND OTHER CREDITS					
Liabilities:					
Due to Other Governments	\$ -	\$ -	\$ 214,217	\$ -	\$ 214,217
Partial Payments-Undistributed Tax	-	-	12,444	-	12,444
Other Liabilities	-	-	6,906	-	6,906
Total Liabilities	<u>-</u>	<u>-</u>	<u>233,567</u>	<u>-</u>	<u>233,567</u>
Fund Balances and Other Credits:					
Investment in General Fixed Assets	-	-	-	3,655,758	3,655,758
Fund Balances:					
Unreserved, Undesignated	1,209,032	1,642,142	-	-	2,851,174
Total Fund Balances and Other Credits	<u>1,209,032</u>	<u>1,642,142</u>	<u>-</u>	<u>3,655,758</u>	<u>6,506,932</u>
Total Liabilities, Fund Balances, and Other Credits	<u>\$ 1,209,032</u>	<u>\$ 1,642,142</u>	<u>\$ 233,567</u>	<u>\$ 3,655,758</u>	<u>\$ 6,740,499</u>

The accompanying notes are an integral part of the financial statements.

Howard County, Nebraska
 Combined Statement of Receipts, Disbursements, and
 Changes in Fund Balances-All Governmental Fund Types
 For the Fiscal Year Ended June 30, 2002

Exhibit B

	Governmental Fund Types		Totals 2002 (Memorandum Only)
	General	Special Revenue	
Receipts:			
Taxes (Note 3)	\$ 1,167,270	\$ 94,751	\$ 1,262,021
Intergovernmental Revenue	163,229	916,783	1,080,012
Local Fees, Licenses, Commissions, and Miscellaneous (Note 6)	340,363	147,530	487,893
Total Receipts	<u>1,670,862</u>	<u>1,159,064</u>	<u>2,829,926</u>
Disbursements:			
Current:			
General Government	1,048,153	6,396	1,054,549
Public Safety	334,069	139,049	473,118
Public Works	45,131	999,878	1,045,009
Public Health	22,709	-	22,709
Public Welfare and Social Services	25,420	2,885	28,305
Culture and Recreation	-	825	825
Capital Outlay	40,898	531,541	572,439
Total Disbursements	<u>1,516,380</u>	<u>1,680,574</u>	<u>3,196,954</u>
Excess (Deficiency) of Receipts over Disbursements	<u>154,482</u>	<u>(521,510)</u>	<u>(367,028)</u>
Other Financing Sources (Uses):			
Transfers from Other Funds	-	50,396	50,396
Transfers to Other Funds	(396)	(50,000)	(50,396)
Total Other Financing Sources (Uses)	<u>(396)</u>	<u>396</u>	<u>-</u>
Excess (Deficiency) of Receipts and Other Financing Sources over (under) Disbursements and Other Financing Uses	<u>154,086</u>	<u>(521,114)</u>	<u>(367,028)</u>
Fund Balances, July 1	<u>1,054,946</u>	<u>2,163,256</u>	<u>3,218,202</u>
Fund Balances, June 30	<u>\$ 1,209,032</u>	<u>\$ 1,642,142</u>	<u>\$ 2,851,174</u>

The accompanying notes are an integral part of the financial statements.

Howard County, Nebraska
 Combined Statement of Receipts, Disbursements,
 and Changes in Fund Balances of the County Treasurer
 Budget and Actual-Governmental Fund Types
 For the Fiscal Year Ended June 30, 2002

Exhibit C

	General Fund		
	Actual	Budget	Favorable (Unfavorable)
Receipts:			
Taxes (Note 3)	\$ 1,167,270	\$ 1,073,700	\$ 93,570
Intergovernmental Revenue	163,229	126,477	36,752
Local Fees, Licenses, Commissions, and Miscellaneous (Note 6)	341,426	380,870	(39,444)
Total Receipts	1,671,925	1,581,047	90,878
Disbursements:			
Current:			
General Government	1,048,153	1,170,859	122,706
Public Safety	334,069	355,185	21,116
Public Works	45,131	47,760	2,629
Public Health	22,709	25,800	3,091
Public Welfare and Social Services	25,420	27,450	2,030
Culture and Recreation	-	-	-
Capital Outlay	40,898	69,450	28,552
Total Disbursements	1,516,380	1,696,504	180,124
Excess (Deficiency) of Receipts over Disbursements	155,545	(115,457)	271,002
Other Financing Sources (Uses):			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	(396)	-	(396)
Total Other Financing Sources (Uses)	(396)	-	(396)
Excess (Deficiency) of Receipts and Other Financing Sources over (under) Disburse- ments and Other Financing Uses	155,149	(115,457)	270,606
Fund Balances, July 1	1,047,730	1,047,730	-
Fund Balances, June 30	\$ 1,202,879	\$ 932,273	\$ 270,606

The accompanying notes are an integral part of the financial statements.

Continued

Howard County, Nebraska
 Combined Statement of Receipts, Disbursements,
 and Changes in Fund Balances of the County Treasurer
 Budget and Actual-Governmental Fund Types
 For the Fiscal Year Ended June 30, 2002

Exhibit C

	Special Revenue Funds		
	Actual	Budget	Favorable (Unfavorable)
Receipts:			
Taxes (Note 3)	\$ 94,751	\$ 92,485	\$ 2,266
Intergovernmental Revenue	916,783	911,000	5,783
Local Fees, Licenses, Commissions, and Miscellaneous (Note 6)	147,530	207,575	(60,045)
Total Receipts	1,159,064	1,211,060	(51,996)
Disbursements:			
Current:			
General Government	6,396	6,396	-
Public Safety	139,049	180,181	41,132
Public Works	999,878	1,131,569	131,691
Public Health	-	-	-
Public Welfare and Social Services	2,885	64,000	61,115
Culture and Recreation	825	1,500	675
Capital Outlay	531,541	1,268,500	736,959
Total Disbursements	1,680,574	2,652,146	971,572
Excess (Deficiency) of Receipts over Disbursements	(521,510)	(1,441,086)	919,576
Other Financing Sources (Uses):			
Transfers from Other Funds	50,396	470,000	(419,604)
Transfers to Other Funds	(50,000)	(470,000)	420,000
Total Other Financing Sources (Uses)	396	-	396
Excess (Deficiency) of Receipts and Other Financing Sources over (under) Disburse- ments and Other Financing Uses	(521,114)	(1,441,086)	919,972
Fund Balances, July 1	2,163,256	2,163,256	-
Fund Balances, June 30	\$ 1,642,142	\$ 722,170	\$ 919,972

The accompanying notes are an integral part of the financial statements.

Continued

Howard County, Nebraska
 Combined Statement of Receipts, Disbursements,
 and Changes in Fund Balances of the County Treasurer
 Budget and Actual-Governmental Fund Types
 For the Fiscal Year Ended June 30, 2002

Exhibit C

	2002 Total Governmental Funds (Memorandum Only)		
	Actual	Budget	Favorable (Unfavorable)
Receipts:			
Taxes (Note 3)	\$ 1,262,021	\$ 1,166,185	\$ 95,836
Intergovernmental Revenue	1,080,012	1,037,477	42,535
Local Fees, Licenses, Commissions, and Miscellaneous (Note 6)	488,956	588,445	(99,489)
Total Receipts	2,830,989	2,792,107	38,882
Disbursements:			
Current:			
General Government	1,054,549	1,177,255	122,706
Public Safety	473,118	535,366	62,248
Public Works	1,045,009	1,179,329	134,320
Public Health	22,709	25,800	3,091
Public Welfare and Social Services	28,305	91,450	63,145
Culture and Recreation	825	1,500	675
Capital Outlay	572,439	1,337,950	765,511
Total Disbursements	3,196,954	4,348,650	1,151,696
Excess (Deficiency) of Receipts over Disbursements	(365,965)	(1,556,543)	1,190,578
Other Financing Sources (Uses):			
Transfers from Other Funds	50,396	470,000	(419,604)
Transfers to Other Funds	(50,396)	(470,000)	419,604
Total Other Financing Sources (Uses)	-	-	-
Excess (Deficiency) of Receipts and Other Financing Sources over (under) Disburse- ments and Other Financing Uses	(365,965)	(1,556,543)	1,190,578
Fund Balances, July 1	3,210,986	3,210,986	-
Fund Balances, June 30	\$ 2,845,021	\$ 1,654,443	\$ 1,190,578

The accompanying notes are an integral part of the financial statements.

Concluded

HOWARD COUNTY

NOTES TO COMBINED FINANCIAL STATEMENTS

For the Year Ended June 30, 2002

1. **Summary of Significant Accounting Policies**

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

A. **Reporting Entity**

Howard County (County) is a governmental entity established under and governed by the laws of the State of Nebraska (State) in 1871. As a political subdivision of the State, the County is exempt from State and Federal income taxes. For financial reporting purposes, the County has included all funds and account groups that are not legally separate. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board 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.

These financial statements present the County (the primary government). The Howard County Community Hospital (Hospital) is a component unit of the County because of the significance of its operational and financial relationship with the County. The financial statements do not include the data of the Hospital necessary for reporting in conformity with generally accepted accounting principles (GAAP). Complete financial statements of the Hospital can be obtained from the Hospital's administrative office.

B. **Fund Accounting**

The County uses funds and account groups to report on its financial position and the results of its operations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. A fund is a separate accounting entity. The operations of each fund are accounted for with a self-balancing set of accounts which record receipts, disbursements, and fund balances for the purpose of complying with the limitations and restrictions placed on the resources made available to the County. The major fund types used by the County are:

HOWARD COUNTY

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

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

General Fund - to account for all financial resources except those required to be accounted for in another fund.

Special Revenue - to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Trust and Agency - to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

C. **Basis of Accounting**

The funds of the County are maintained and the financial statements have been prepared on the cash receipts and disbursements basis of accounting. Revenues are taken into account only when received by the County and expenditures are recorded when warrants are issued. Various officers of the County have accounts receivable. These are considered as cash items in the County financial statements. This differs from generally accepted accounting principles which require governmental fund accounting to follow the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become susceptible to accrual and obligations are generally recognized when they are incurred.

D. **Totals Columns - Memorandum Only**

The "Memorandum Only" columns represent an aggregation of individual account balances. The columns are presented for overview informational purposes and do not present consolidated financial information since interfund balances and transactions have not been eliminated.

E. **Budgets and Budgetary Accounting**

The County follows these procedures in establishing the budgetary data reflected in the schedules in accordance with the statutory requirements of the Nebraska Budget Act:

1. On or before August 1, the County Board prepares and transmits a budget for each County fund showing the requirements, the outstanding warrants, the operating reserve to be maintained, the cash on hand at the close of the preceding fiscal year, the revenue from sources other than taxation, and the

HOWARD COUNTY

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

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

amount to be raised by taxation. The budget, like the County financial statements, is prepared on the cash receipts and disbursements basis of accounting. The budget contains only those revenues which have actually been received by the County Treasurer.

2. At least one public hearing must be held by the County Board.
3. At a meeting of the County Board, the budget, as revised, is adopted and the amounts provided therein are appropriated.
4. The County Board is authorized to transfer budgeted amounts between departments within any fund through resolution; however, revisions that alter the total expenditures of any fund require that an additional public hearing be held. The legal level of budgetary control for the general fund is at the function level, and the special revenue fund types are at the fund level.
5. The County does not utilize an encumbrance accounting system. All appropriated spending authority lapses at the end of the fiscal year.
6. The County Board is authorized to budget for the transfer of money between County funds.

F. **Fixed Assets and Long-Term Obligations**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as expenditures in governmental funds and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Assets on hand as of June 30, 2002, have been recorded at cost or estimated cost by the County.

Assets in the general fixed assets account group are not depreciated. Public domain general fixed assets consisting of roads, bridges, curbs and gutters, and streets and sidewalks, are not capitalized, because these assets are immovable and of value only to the government.

HOWARD COUNTY

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

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

The two account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

G. **Compensated Absences**

Vested or accumulated vacation leave that is liquidated with expendable available financial resources is reported as an expenditure of the County funds as paid. Upon termination, employees are paid for any unused vacation. Under GAAP the vested portion of the employee's compensated absences is recorded in the General Long-Term Debt Account Group for governmental funds. Under the receipts and disbursements basis of accounting, the balances which would be reported in the General Long-Term Debt Account Group are not reported because they do not represent balances arising from cash transactions.

2. **Equity in Pooled Cash and Investments, and Designated Investments**

The County has generally pooled the cash resources of the various funds for investment purposes. Each fund's portion of total cash and investments is summarized by fund type on the Combined Statement of Assets, Other Debits, Fund Balances, Liabilities, and Other Credits Arising from Cash Transactions as "Equity in Pooled Cash and Investments." Investments are stated at cost, which approximates market. Interest earned on pooled funds is credited to the County General Fund in accordance with Neb. Rev. Stat. Section 77-2315 R.R.S. 1996. Investments made specifically from and for a particular fund are summarized as "Designated Investments." Interest on these investments is credited to the fund from which the investment is made, also in accordance with Section 77-2315. Whether funds are commingled or invested separately is at the discretion of the County Board. The types of investments the County is authorized to invest funds in are enumerated in Neb. Rev. Stat. Sections 77-2315 R.R.S. 1996, 77-2340 R.S.Supp., 2002, and 77-2341 R.R.S. 1996, and generally include U.S. government obligations, certificates of deposit, time deposits, and securities which are authorized by the Nebraska Investment Council.

For the following disclosures required by Governmental Accounting Standards Board Statement #3, deposits include checking accounts, savings accounts, money-market accounts, certificates of deposit, and deposits into the Nebraska Public Agency Investment Trust (NPAIT).

HOWARD COUNTY

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

2. **Equity in Pooled Cash and Investments, and Designated Investments (Concluded)**

	June 30, 2002
	<u>Carrying Amount</u>
Pooled cash and investments consist of:	
Cash on Hand	\$ 26,414
Deposits	3,148,392
Investments	<u>125,401</u>
Total	3,300,207
Less Warrants Outstanding	<u>215,466</u>
Total	<u>\$ 3,084,741</u>

The bank balance for all deposits as of June 30 was \$3,169,897 with a carrying amount of \$3,148,392 and was entirely covered by federal depository insurance or by collateral securities pledged to the County Treasurer and held by the safekeeping department of the depository's correspondent bank.

The County's carrying value of investments, which approximates market, consisted of \$125,401 deposited in NPAIT. NPAIT is a public entity investment pool operated under the direction of a seven member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income which has accrued to each participant is converted as of the close of business of each calendar month into additional units which thereafter are held in each participant's trust account. Since net income of the fund is allocated among participants each time net income is determined, the net asset value remains at \$1.00 per unit.

3. **Property Taxes**

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

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

HOWARD COUNTY

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

3. Property Taxes (Concluded)

The levy set in October, 2001, for the 2001 taxes which will be materially collected in May and September, 2002, was set at \$.254741/\$100 of assessed valuation. The levy set in October, 2000, for the 2000 taxes which were materially collected in May and September, 2001, was set at \$.294387/\$100 of assessed valuation. The amount collected for motor vehicle tax is outlined in State Statute.

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

4. Retirement System

The Retirement System for Nebraska Counties (the Plan) is a multiple-employer defined contribution plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act.

In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. Membership in the Plan consists of all employees working twenty or more hours per week who have been employed for a period of twelve continuous months. Part-time employees who have attained the age of twenty-five and have been employed for a total of twelve months have the option to join the Plan. Elected officials shall be eligible for membership upon taking office. The plan provisions are established under Neb. Rev. Stat. Sections 23-2301 through 23-2335 and may be amended through legislative action. Employees contribute 4% of their salary and the County contributes an amount equal to 150% of the employee's contribution. The contribution rates are established by Neb. Rev. Stat. Sections 23-2307 R.S.Supp., 2001 and 23-2308 R.S.Supp., 2000, 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. Prior to April 18, 2002, the employer's account was fully vested after five years participation in the Plan or at retirement. Legislative Bill 687 (2002), effective April 18, 2002, changed the vesting requirement to a total of three years of participation in the system, including the twelve month eligibility period or credit for participation in another governmental plan prior to actual contribution to the Plan. Prior service benefits are paid directly by the County to the retired employee. For the year ended June 30, 2002, 38 employees contributed \$37,178; the County contributed \$55,768. Additionally, the County paid \$876 directly to 3 retired employees for prior service benefits.

HOWARD COUNTY

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

5. **Fixed Assets**

The following is a summary of changes in the general fixed assets account group during the fiscal year:

	Balance July 1, 2001	Additions	Retirements	Balance June 30, 2002
Land	\$ 3,109	\$ -	\$ -	\$ 3,109
Buildings	416,030	-	-	416,030
Machinery and Equipment	3,196,954	489,708	450,043	3,236,619
Total General Fixed Assets	<u>\$ 3,616,093</u>	<u>\$ 489,708</u>	<u>\$ 450,043</u>	<u>\$ 3,655,758</u>

6. **Budget to Actual Comparison of Local Receipts**

Only the County Treasurer's Local Receipts are reflected in the County Budget on Exhibit C. This is a comparison and reconciliation of the County Treasurer's Local Receipts to the County Total Local Receipts, which includes the County portion of receipts on hand at June 30, 2002 held by other County offices.

	<u>General</u>
Budget (Exhibit C) Reflected Local Receipts:	<u>\$ 341,426</u>
Local Receipts in Funds not in Budget:	
Clerk	3,363
Clerk of the District Court	280
Sheriff	2,410
Attorney	100
Total Local Receipts in Funds not in Budget	<u>6,153</u>
Less Local Receipts in Funds not in Budget From Prior Year	<u>(7,216)</u>
Actual Local Receipts (Exhibit B)	<u><u>\$ 340,363</u></u>

7. **Joint Venture**

Howard County has entered into an agreement with the other counties in Region III in conjunction with the Nebraska Department of Health and Human Services to provide services to carry out the provisions of the Nebraska Comprehensive Community Mental Health Services Act and related alcoholism and drug abuse services and the Developmental Disabilities Services Act (Acts). Region III consists of the following counties: Blaine, Loup, Garfield, Wheeler, Custer, Valley, Greeley, Sherman, Howard, Buffalo, Hall, Phelps, Kearney, Adams, Clay, Furnas, Harlan, Hamilton, Merrick, Franklin, Webster, and Nuckolls. Separate agreements

HOWARD COUNTY

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

7. **Joint Venture (Concluded)**

were established under the authority of the Interlocal Cooperation Act for services to be provided under each of the Acts. The governing board for Region III services are established by Statute and the agreements and include 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 boards and as required by the Acts. Funding is provided by a combination of federal, state, local, and private funding. Howard County contributed \$25,901 toward the operation of Region III during fiscal year 2002. 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.

8. **County Insurance**

The County is exposed to various risks of loss related to torts, theft of; damage to; and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association (NIRMA), a public entity risk pool currently operating as a common risk management and insurance program for 62 counties throughout Nebraska. NIRMA was created as a result of the Intergovernmental Risk Management Act, Neb. Rev. Stat. Sections 44-4301 to 44-4339 R.R.S. 1998, which resulted in two programs being established, NIRMA and NIRMA II. The County has the option of participating in one or both of the programs.

The County pays an annual deposit premium as calculated by the administrator of the pool. Nine months following the close of the fiscal year and at annual intervals thereafter, the Pool may calculate each County's retrospective premium or premium credit for the year. The retrospective formula shall be adopted by the Board prior to the beginning of the fiscal year. The formula shall consider the losses and exposures of each County and the entire Pool. The deposit premium paid for the fiscal year shall be applied as a credit against the retrospective premium. If it is determined that the deposit premium paid is in excess of the retrospective premiums calculated, such excess shall be applied as a credit toward the next annual deposit premium. Retrospective premium adjustments for each fiscal year shall continue until all claims are closed or until the Board determines that sufficient facts are known to make a final adjustment for the year.

If the Pool becomes insolvent or is otherwise unable to discharge its legal liabilities and other obligations, the County may be assessed by the Board for an additional contribution equal to its contribution for the current fiscal year, divided by the contribution of all participants for such

HOWARD COUNTY

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

8. County Insurance (Continued)

year, times the amount of such deficiency. Each such assessment, and the manner of calculating the same, shall be sent to each county in writing, and each county shall thereafter have sixty (60) days in which to pay the amount of such assessment. Each county shall remain liable for such assessments, regardless of such county's withdrawal from participation or the termination of the agreement, and for liabilities of the Pool incurred during such county's period of membership, as provided by Neb. Rev. Stat. Section 44-4312 R.R.S. 1998.

The following schedule is a summary of the NIRMA coverage in effect for the period August 1, 2001 through July 31, 2002:

<u>Coverage</u>	<u>NIRMA Member Deductible</u>	<u>Self-Insured Retention</u>	<u>Excess Insurance</u>	<u>Insurance Company</u>
1. General Liability	Zero	300,000	\$5,000,000 per occurrence with no annual aggregate	United National & American Alternative
2. Property/Inland Marine	500	25,000	Replacement value	United National & Travelers Indemnity
3. Auto Physical Damage	250	25,000	Replacement value	United National & Travelers Indemnity
4. Crime	500	25,000	\$50,000 money and securities/\$100,000 depositors forgery, money orders and counterfeit papers	United National
5. Public Officials	Various	Various	\$1,000,000 per occurrence and aggregate	Scottsdale Indemnity Company
6. Boiler & Machinery	1,000	None	50,000,000 per occurrence and aggregate	Hartford Steam Boiler
7. Employment Practices Liability	Various	Various	\$1,000,000 per occurrence and aggregate	Scottsdale Indemnity Company

HOWARD COUNTY

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

8. County Insurance (Concluded)

In the event of a liability loss exceeding \$5,000,000 per occurrence the County would be responsible for funding the excess amount.

The following schedule is a summary of the self-funded NIRMA II coverage in effect for the period August 1, 2001 through July 31, 2002:

<u>Coverage</u>	<u>Member Deductible</u>	<u>NIRMA II Self-Insured Retention</u>	<u>Excess Insurance</u>
1. Workers' Compensation	N/A	\$300,000 per claim with no annual aggregate	Statutory
2. Employer's Liability	N/A	\$300,000 per claim with no annual aggregate	\$ 2,000,000

The Pool has an annual audit performed of its financial statements. Copies of these reports may be obtained by writing to the NIRMA Board of Directors at 625 S. 14th Street, Suite A, Lincoln, Nebraska 68508.

The County has not paid any additional assessments to the Pool in the last three fiscal years and no assessments are anticipated for fiscal year 2003. The County has not had to pay out any amounts that exceeded coverages provided by the Pool in the last three fiscal years.

Howard County, Nebraska
Combining Statement of Assets, Liabilities,
and Fund Balances Arising from Cash Transactions
by County Offices
June 30, 2002

Schedule A-1

	Totals by County Offices					TOTAL OF ALL OFFICES
	County Treasurer	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	
ASSETS						
Cash, Deposits, and Cash Items	\$ 3,068,805	\$ 6,060	\$ 7,368	\$ 2,410	\$ 98	\$ 3,084,741
Total Assets	\$ 3,068,805	\$ 6,060	\$ 7,368	\$ 2,410	\$ 98	\$ 3,084,741
LIABILITIES AND FUND BALANCES						
Liabilities:						
Due to Other Governments	\$ 211,340	\$ 2,697	\$ 180	\$ -	\$ -	\$ 214,217
Partial Payments-Undistributed Tax	12,444	-	-	-	-	12,444
Other Liabilities	-	-	6,908	-	(2)	6,906
Total Liabilities	223,784	2,697	7,088	-	(2)	233,567
Fund Balances:						
General, Unreserved, Undesignated	1,202,879	3,363	280	2,410	100	1,209,032
Special Revenue, Unreserved, Undesignated	1,642,142	-	-	-	-	1,642,142
Total Fund Balances	2,845,021	3,363	280	2,410	100	2,851,174
Total Liabilities and Fund Balances	\$ 3,068,805	\$ 6,060	\$ 7,368	\$ 2,410	\$ 98	\$ 3,084,741

GENERAL GOVERNMENT

Election Commissioner	Clerk of the District Court	County Court System	Building and Grounds	Extension Agent
\$ 5,975	\$ 7,619	\$ -	\$ 18,425	\$ 23,249
651	1,137	351	29,077	3,737
1,424	670	2,818	2,602	2,519
200	-	-	-	-
100	-	558	-	965
8,350	9,426	3,727	50,104	30,470
11,950	12,300	5,900	65,634	30,100
-	-	-	-	-
1,000	3,000	2,000	500	950
12,950	15,300	7,900	66,134	31,050
\$ 4,600	\$ 5,874	\$ 4,173	\$ 16,030	\$ 580

PUBLIC SAFETY

PUBLIC WORKS

Attorney	County Jail	Miscellan- ous	Total Public Safety	Highway Superintendent
\$ 53,673	\$ 1,426	\$ -	\$ 230,177	\$ 9,562
4,536	53,687	7,084	87,844	3,539
430	-	-	15,791	342
-	-	-	257	-
2,425	-	-	33,727	465
61,064	55,113	7,084	367,796	13,908
64,073	65,300	9,700	335,185	14,350
-	-	-	20,000	-
7,000	-	-	37,000	15,000
71,073	65,300	9,700	392,185	29,350
\$ 10,009	\$ 10,187	\$ 2,616	\$ 24,389	\$ 15,442

PUBLIC WELFARE AND
SOCIAL SERVICESCULTURE AND
RECREATIONTOTAL ALL
FUNCTIONS

Miscellan- ous	Total Public Welfare and Social Services	Culture Miscellan- ous	2002
\$ -	\$ -	\$ -	\$ 1,053,501
8,470	25,420	-	376,644
-	-	-	44,880
-	-	-	457
-	-	-	40,898
8,470	25,420	-	1,516,380
10,500	27,450	-	1,627,054
-	-	-	-
-	-	-	69,450
10,500	27,450	-	1,696,504
\$ 2,030	\$ 2,030	\$ -	\$ 180,124

Howard County, Nebraska
Statement of Receipts, Disbursements, and Changes in
Special Revenue Fund Balances of the County Treasurer
For the Fiscal Year Ended June 30, 2002

Schedule C-1

	Road/Bridge Fund		
	Actual	Budget	Favorable (Unfavorable)
Receipts:			
Taxes	\$ 114	\$ 85	\$ 29
Intergovernmental Revenue	833,025	755,000	78,025
Local Fees, Licenses, Commissions, and Miscellaneous	1,106	-	1,106
Total Receipts	834,245	755,085	79,160
Disbursements:			
Personal Services	355,929	353,200	(2,729)
Operating Expenses	74,205	106,300	32,095
Supplies/Materials	404,767	519,600	114,833
Equipment Rental	108,935	65,000	(43,935)
Capital Outlay	419,848	464,500	44,652
Total Disbursements	1,363,684	1,508,600	144,916
Excess (Deficiency) of Receipts over Disbursements	(529,439)	(753,515)	224,076
Other Financing Sources (Uses):			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Excess (Deficiency) of Receipts and Other Financing Sources over (under) Disburse- ments and Other Financing Uses	(529,439)	(753,515)	224,076
Fund Balances, July 1	1,204,152	1,204,152	-
Fund Balances, June 30	\$ 674,713	\$ 450,637	\$ 224,076

Howard County, Nebraska
Statement of Receipts, Disbursements, and Changes in
Special Revenue Fund Balances of the County Treasurer
For the Fiscal Year Ended June 30, 2002

Schedule C-2

	Relief-Medical Fund		
	Actual	Budget	Favorable (Unfavorable)
Receipts:			
Taxes	\$ 44	\$ -	\$ 44
Intergovernmental Revenue	-	-	-
Local Fees, Licenses, Commissions, and Miscellaneous	-	-	-
Total Receipts	44	-	44
Disbursements:			
Personal Services	-	-	-
Operating Expenses	650	44,000	43,350
Supplies/Materials	-	-	-
Equipment Rental	-	-	-
Capital Outlay	-	-	-
Total Disbursements	650	44,000	43,350
Excess (Deficiency) of Receipts over Disbursements	(606)	(44,000)	43,394
Other Financing Sources (Uses):			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Excess (Deficiency) of Receipts and Other Financing Sources over (under) Disburse- ments and Other Financing Uses	(606)	(44,000)	43,394
Fund Balances, July 1	44,910	44,910	-
Fund Balances, June 30	\$ 44,304	\$ 910	\$ 43,394

Howard County, Nebraska
Statement of Receipts, Disbursements, and Changes in
Special Revenue Fund Balances of the County Treasurer
For the Fiscal Year Ended June 30, 2002

Schedule C-3

	Institutions Fund		
	Actual	Budget	Favorable (Unfavorable)
Receipts:			
Taxes	\$ 2	\$ -	\$ 2
Intergovernmental Revenue	-	-	-
Local Fees, Licenses, Commissions, and Miscellaneous	-	-	-
Total Receipts	2	-	2
Disbursements:			
Personal Services	-	-	-
Operating Expenses	2,235	20,000	17,765
Supplies/Materials	-	-	-
Equipment Rental	-	-	-
Capital Outlay	-	-	-
Total Disbursements	2,235	20,000	17,765
Excess (Deficiency) of Receipts over Disbursements	(2,233)	(20,000)	17,767
Other Financing Sources (Uses):			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Excess (Deficiency) of Receipts and Other Financing Sources over (under) Disburse- ments and Other Financing Uses	(2,233)	(20,000)	17,767
Fund Balances, July 1	20,579	20,579	-
Fund Balances, June 30	\$ 18,346	\$ 579	\$ 17,767

Howard County, Nebraska
Statement of Receipts, Disbursements, and Changes in
Special Revenue Fund Balances of the County Treasurer
For the Fiscal Year Ended June 30, 2002

Schedule C-4

	Employment Security Act Fund		
	Actual	Budget	Favorable (Unfavorable)
Receipts:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenue	-	-	-
Local Fees, Licenses, Commissions, and Miscellaneous	-	-	-
Total Receipts	-	-	-
Disbursements:			
Personal Services	-	-	-
Operating Expenses	6,396	6,396	-
Supplies/Materials	-	-	-
Equipment Rental	-	-	-
Capital Outlay	-	-	-
Total Disbursements	6,396	6,396	-
Excess (Deficiency) of Receipts over Disbursements	(6,396)	(6,396)	-
Other Financing Sources (Uses):			
Transfers from Other Funds	396	-	396
Transfers to Other Funds	-	-	-
Total Other Financing Sources (Uses)	396	-	396
Excess (Deficiency) of Receipts and Other Financing Sources over (under) Disburse- ments and Other Financing Uses	(6,000)	(6,396)	396
Fund Balances, July 1	6,978	6,978	-
Fund Balances, June 30	\$ 978	\$ 582	\$ 396

Howard County, Nebraska
Statement of Receipts, Disbursements, and Changes in
Special Revenue Fund Balances of the County Treasurer
For the Fiscal Year Ended June 30, 2002

Schedule C-5

	Inheritance Tax Fund		
	Actual	Budget	Favorable (Unfavorable)
Receipts:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenue	-	-	-
Local Fees, Licenses, Commissions, and Miscellaneous	73,417	100,000	(26,583)
Total Receipts	73,417	100,000	(26,583)
Disbursements:			
Personal Services	-	-	-
Operating Expenses	-	-	-
Supplies/Materials	-	-	-
Equipment Rental	-	-	-
Capital Outlay	-	-	-
Total Disbursements	-	-	-
Excess (Deficiency) of Receipts over Disbursements	73,417	100,000	(26,583)
Other Financing Sources (Uses):			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	(50,000)	(470,000)	420,000
Total Other Financing Sources (Uses)	(50,000)	(470,000)	420,000
Excess (Deficiency) of Receipts and Other Financing Sources over (under) Disburse- ments and Other Financing Uses	23,417	(370,000)	393,417
Fund Balances, July 1	372,247	372,247	-
Fund Balances, June 30	\$ 395,664	\$ 2,247	\$ 393,417

Howard County, Nebraska
Statement of Receipts, Disbursements, and Changes in
Special Revenue Fund Balances of the County Treasurer
For the Fiscal Year Ended June 30, 2002

Schedule C-6

	Noxious Weed Fund		
	Actual	Budget	Favorable (Unfavorable)
Receipts:			
Taxes	\$ 3	\$ -	\$ 3
Intergovernmental Revenue	-	-	-
Local Fees, Licenses, Commissions, and Miscellaneous	-	-	-
Total Receipts	3	-	3
Disbursements:			
Personal Services	45,297	42,219	(3,078)
Operating Expenses	3,688	4,250	562
Supplies/Materials	6,807	22,500	15,693
Equipment Rental	250	500	250
Capital Outlay	15,000	15,000	-
Total Disbursements	71,042	84,469	13,427
Excess (Deficiency) of Receipts over Disbursements	(71,039)	(84,469)	13,430
Other Financing Sources (Uses):			
Transfers from Other Funds	50,000	50,000	-
Transfers to Other Funds	-	-	-
Total Other Financing Sources (Uses)	50,000	50,000	-
Excess (Deficiency) of Receipts and Other Financing Sources over (under) Disburse- ments and Other Financing Uses	(21,039)	(34,469)	13,430
Fund Balances, July 1	73,953	73,953	-
Fund Balances, June 30	\$ 52,914	\$ 39,484	\$ 13,430

Howard County, Nebraska
Statement of Receipts, Disbursements, and Changes in
Special Revenue Fund Balances of the County Treasurer
For the Fiscal Year Ended June 30, 2002

Schedule C-7

	Law Enforcement Fund		
	Actual	Budget	Favorable (Unfavorable)
Receipts:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenue	-	-	-
Local Fees, Licenses, Commissions, and Miscellaneous	1,036	35,575	(34,539)
Total Receipts	1,036	35,575	(34,539)
Disbursements:			
Personal Services	-	29,490	29,490
Operating Expenses	-	-	-
Supplies/Materials	1,059	6,085	5,026
Equipment Rental	-	-	-
Capital Outlay	-	-	-
Total Disbursements	1,059	35,575	34,516
Excess (Deficiency) of Receipts over Disbursements	(23)	-	(23)
Other Financing Sources (Uses):			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Excess (Deficiency) of Receipts and Other Financing Sources over (under) Disburse- ments and Other Financing Uses	(23)	-	(23)
Fund Balances, July 1	1,059	1,059	-
Fund Balances, June 30	\$ 1,036	\$ 1,059	\$ (23)

Howard County, Nebraska
Statement of Receipts, Disbursements, and Changes in
Special Revenue Fund Balances of the County Treasurer
For the Fiscal Year Ended June 30, 2002

Schedule C-8

	Central Communications Fund		
	Actual	Budget	Favorable (Unfavorable)
Receipts:			
Taxes	\$ 94,586	\$ 92,400	\$ 2,186
Intergovernmental Revenue	743	500	243
Local Fees, Licenses, Commissions, and Miscellaneous	37,665	37,000	665
Total Receipts	132,994	129,900	3,094
Disbursements:			
Personal Services	119,606	118,876	(730)
Operating Expenses	7,262	9,930	2,668
Supplies/Materials	962	1,300	338
Equipment Rental	-	-	-
Capital Outlay	3,200	4,000	800
Total Disbursements	131,030	134,106	3,076
Excess (Deficiency) of Receipts over Disbursements	1,964	(4,206)	6,170
Other Financing Sources (Uses):			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Excess (Deficiency) of Receipts and Other Financing Sources over (under) Disburse- ments and Other Financing Uses	1,964	(4,206)	6,170
Fund Balances, July 1	43,049	43,049	-
Fund Balances, June 30	\$ 45,013	\$ 38,843	\$ 6,170

Howard County, Nebraska
Statement of Receipts, Disbursements, and Changes in
Special Revenue Fund Balances of the County Treasurer
For the Fiscal Year Ended June 30, 2002

Schedule C-9

	Emergency 911 Fund		
	Actual	Budget	Favorable (Unfavorable)
Receipts:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenue	-	-	-
Local Fees, Licenses, Commissions, and Miscellaneous	34,306	35,000	(694)
Total Receipts	34,306	35,000	(694)
Disbursements:			
Personal Services	-	-	-
Operating Expenses	7,683	10,000	2,317
Supplies/Materials	2,477	2,000	(477)
Equipment Rental	-	-	-
Capital Outlay	5,252	14,000	8,748
Total Disbursements	15,412	26,000	10,588
Excess (Deficiency) of Receipts over Disbursements	18,894	9,000	9,894
Other Financing Sources (Uses):			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Excess (Deficiency) of Receipts and Other Financing Sources over (under) Disburse- ments and Other Financing Uses	18,894	9,000	9,894
Fund Balances, July 1	95,060	95,060	-
Fund Balances, June 30	\$ 113,954	\$ 104,060	\$ 9,894

Howard County, Nebraska
Statement of Receipts, Disbursements, and Changes in
Special Revenue Fund Balances of the County Treasurer
For the Fiscal Year Ended June 30, 2002

Schedule C-10

	Emergency Bridge Fund		
	Actual	Budget	Favorable (Unfavorable)
Receipts:			
Taxes	\$ 2	\$ -	\$ 2
Intergovernmental Revenue	-	-	-
Local Fees, Licenses, Commissions, and Miscellaneous	-	-	-
Total Receipts	2	-	2
Disbursements:			
Personal Services	-	-	-
Operating Expenses	-	-	-
Supplies/Materials	-	-	-
Equipment Rental	-	-	-
Capital Outlay	-	95,000	95,000
Total Disbursements	-	95,000	95,000
Excess (Deficiency) of Receipts over Disbursements	2	(95,000)	95,002
Other Financing Sources (Uses):			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Excess (Deficiency) of Receipts and Other Financing Sources over (under) Disburse- ments and Other Financing Uses	2	(95,000)	95,002
Fund Balances, July 1	95,596	95,596	-
Fund Balances, June 30	\$ 95,598	\$ 596	\$ 95,002

Howard County, Nebraska
Statement of Receipts, Disbursements, and Changes in
Special Revenue Fund Balances of the County Treasurer
For the Fiscal Year Ended June 30, 2002

Schedule C-11

	Handicap Accessibility Fund		
	Actual	Budget	Favorable (Unfavorable)
Receipts:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenue	-	-	-
Local Fees, Licenses, Commissions, and Miscellaneous	-	-	-
Total Receipts	-	-	-
Disbursements:			
Personal Services	-	-	-
Operating Expenses	-	18,000	18,000
Supplies/Materials	-	-	-
Equipment Rental	-	-	-
Capital Outlay	-	-	-
Total Disbursements	-	18,000	18,000
Excess (Deficiency) of Receipts over Disbursements	-	(18,000)	18,000
Other Financing Sources (Uses):			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Excess (Deficiency) of Receipts and Other Financing Sources over (under) Disburse- ments and Other Financing Uses	-	(18,000)	18,000
Fund Balances, July 1	18,668	18,668	-
Fund Balances, June 30	\$ 18,668	\$ 668	\$ 18,000

Howard County, Nebraska
Statement of Receipts, Disbursements, and Changes in
Special Revenue Fund Balances of the County Treasurer
For the Fiscal Year Ended June 30, 2002

Schedule C-12

	County Building Fund		
	Actual	Budget	Favorable (Unfavorable)
Receipts:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenue	-	-	-
Local Fees, Licenses, Commissions, and Miscellaneous	-	-	-
Total Receipts	-	-	-
Disbursements:			
Personal Services	-	-	-
Operating Expenses	-	-	-
Supplies/Materials	-	-	-
Equipment Rental	-	-	-
Capital Outlay	7,391	520,000	512,609
Total Disbursements	7,391	520,000	512,609
Excess (Deficiency) of Receipts over Disbursements	(7,391)	(520,000)	512,609
Other Financing Sources (Uses):			
Transfers from Other Funds	-	420,000	(420,000)
Transfers to Other Funds	-	-	-
Total Other Financing Sources (Uses)	-	420,000	(420,000)
Excess (Deficiency) of Receipts and Other Financing Sources over (under) Disburse- ments and Other Financing Uses	(7,391)	(100,000)	92,609
Fund Balances, July 1	174,744	174,744	-
Fund Balances, June 30	\$ 167,353	\$ 74,744	\$ 92,609

Howard County, Nebraska
Statement of Receipts, Disbursements, and Changes in
Special Revenue Fund Balances of the County Treasurer
For the Fiscal Year Ended June 30, 2002

Schedule C-13

	Civil Defense Fund		
	Actual	Budget	Favorable (Unfavorable)
Receipts:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenue	-	-	-
Local Fees, Licenses, Commissions, and Miscellaneous	-	-	-
Total Receipts	-	-	-
Disbursements:			
Personal Services	-	-	-
Operating Expenses	-	1,500	1,500
Supplies/Materials	-	1,000	1,000
Equipment Rental	-	-	-
Capital Outlay	1,275	2,000	725
Total Disbursements	1,275	4,500	3,225
Excess (Deficiency) of Receipts over Disbursements	(1,275)	(4,500)	3,225
Other Financing Sources (Uses):			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Excess (Deficiency) of Receipts and Other Financing Sources over (under) Disburse- ments and Other Financing Uses	(1,275)	(4,500)	3,225
Fund Balances, July 1	12,261	12,261	-
Fund Balances, June 30	\$ 10,986	\$ 7,761	\$ 3,225

Howard County, Nebraska
Statement of Receipts, Disbursements, and Changes in
Special Revenue Fund Balances of the County Treasurer
For the Fiscal Year Ended June 30, 2002

Schedule C-14

	Tourism Promotion Fund		
	Actual	Budget	Favorable (Unfavorable)
Receipts:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenue	3,440	2,500	940
Local Fees, Licenses, Commissions, and Miscellaneous	-	-	-
Total Receipts	3,440	2,500	940
Disbursements:			
Personal Services	-	-	-
Operating Expenses	825	1,500	675
Supplies/Materials	-	-	-
Equipment Rental	-	-	-
Capital Outlay	-	1,000	1,000
Total Disbursements	825	2,500	1,675
Excess (Deficiency) of Receipts over Disbursements	2,615	-	2,615
Other Financing Sources (Uses):			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Excess (Deficiency) of Receipts and Other Financing Sources over (under) Disburse- ments and Other Financing Uses	2,615	-	2,615
Fund Balances, July 1	-	-	-
Fund Balances, June 30	\$ 2,615	\$ -	\$ 2,615

Howard County, Nebraska
Statement of Receipts, Disbursements, and Changes in
Special Revenue Fund Balances of the County Treasurer
For the Fiscal Year Ended June 30, 2002

Schedule C-15

	Historical Society Grant Fund		
	Actual	Budget	Favorable (Unfavorable)
Receipts:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenue	79,575	153,000	(73,425)
Local Fees, Licenses, Commissions, and Miscellaneous	-	-	-
Total Receipts	79,575	153,000	(73,425)
Disbursements:			
Personal Services	-	-	-
Operating Expenses	-	-	-
Supplies/Materials	-	-	-
Equipment Rental	-	-	-
Capital Outlay	79,575	153,000	73,425
Total Disbursements	79,575	153,000	73,425
Excess (Deficiency) of Receipts over Disbursements	-	-	-
Other Financing Sources (Uses):			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Excess (Deficiency) of Receipts and Other Financing Sources over (under) Disburse- ments and Other Financing Uses	-	-	-
Fund Balances, July 1	-	-	-
Fund Balances, June 30	\$ -	\$ -	\$ -

Howard County, Nebraska
Statement of Assets and Liabilities -
County Treasurer Trust and Agency Funds
For the Fiscal Year Ended June 30, 2002

Schedule D-1

	Balance July 1, 2001	Additions	Deductions	Balance June 30, 2002
ASSETS				
Cash and Deposits	\$ 246,485	\$ 7,935,917	\$ 7,958,618	\$ 223,784
Total Assets	<u>\$ 246,485</u>	<u>\$ 7,935,917</u>	<u>\$ 7,958,618</u>	<u>\$ 223,784</u>
LIABILITIES				
Trust and Agency Funds:				
State	\$ 67,993	\$ 1,349,359	\$ 1,358,526	\$ 58,826
Schools	92,461	4,874,764	4,887,759	79,466
Educational Service Units	801	59,685	59,833	653
Technical College	1,979	223,030	221,957	3,052
Natural Resource Districts	7,346	86,942	85,408	8,880
Fire Districts	29,690	171,208	172,343	28,555
Municipalities	10,853	496,815	491,834	15,834
Agricultural Society	320	23,828	23,889	259
Partial Payments-				
Undistributed Tax	5,890	19,422	12,868	12,444
Tax Refund Account	5,875	279,793	283,527	2,141
Irrigation Districts	17,289	149,014	154,336	11,967
Reclamation Districts	5,187	116,397	119,943	1,641
Historical Society	801	85,660	86,395	66
Total Liabilities	<u>\$ 246,485</u>	<u>\$ 7,935,917</u>	<u>\$ 7,958,618</u>	<u>\$ 223,784</u>

Howard County Clerk
 St. Paul, Nebraska
 Statement of Changes in Assets, Liabilities, and Fund Balances
 For the Fiscal Year Ended June 30, 2002

Schedule E-1

	Balance July 1, 2001	Additions	Deductions	Balance June 30, 2002
ASSETS				
Cash and Deposits	\$ 6,402	\$ 86,261	\$ 87,042	\$ 5,621
Accounts Receivables	439	439	439	439
Total Assets	\$ 6,841	\$ 86,700	\$ 87,481	\$ 6,060
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to State Treasurer:				
Title Fees	\$ 1,862	\$ 21,973	\$ 22,095	\$ 1,740
Documentary Stamp Tax	971	13,990	14,107	854
Game and Park Permits	165	956	1,018	103
Total	2,998	36,919	37,220	2,697
Due to County Clerk:				
Plat Map Sales	-	648	648	-
Total	-	648	648	-
Total Liabilities	2,998	37,567	37,868	2,697
Fund Balances:				
Unreserved, Undesignated				
Consists of:				
Recording Fees	2,307	30,293	30,635	1,965
Title Fees	970	11,190	11,239	921
Map Sales, copies	117	1,557	1,599	75
Documentary Stamp Tax	389	5,598	5,645	342
Marriage Licenses	60	495	495	60
Total Fund Balances	3,843	49,133	49,613	3,363
Total Liabilities and Fund Balances	\$ 6,841	\$ 86,700	\$ 87,481	\$ 6,060

Howard County Clerk of the District Court
 St. Paul, Nebraska
 Statement of Changes in Assets, Liabilities and Fund Balances
 For the Fiscal Year Ended June 30, 2002

Schedule E-2

	Balance July 1, 2001	Additions	Deductions	Balance June 30, 2002
ASSETS				
Cash and Deposits	\$ 6,189	\$ 429,386	\$ 428,207	\$ 7,368
Total Assets	\$ 6,189	\$ 429,386	\$ 428,207	\$ 7,368
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to State Treasurer:				
State Fees	\$ 140	\$ 825	\$ 815	\$ 150
Law Enforcement Fees	(75)	34	(40)	(1)
State Judges Retirement Fund	7	78	79	6
Legal Aid Fees	101	441	517	25
Total	173	1,378	1,371	180
 Trust Fund Benefits:				
Payable	5,534	421,579	420,205	6,908
Total	5,534	421,579	420,205	6,908
Total Liabilities	5,707	422,957	421,576	7,088
 Fund Balances:				
Unreserved, Undesignated				
Consists of:				
Regular Fees	441	5,977	6,153	265
Interest	41	452	478	15
Total Fund Balances	482	6,429	6,631	280
Total Liabilities and Fund Balances	\$ 6,189	\$ 429,386	\$ 428,207	\$ 7,368

Howard County Sheriff
 St. Paul, Nebraska
 Statement of Changes in Assets, Liabilities, and Fund Balances
 For Fiscal Year Ended June 30, 2002

Schedule E-3

	Balance July 1, 2001	Additions	Deductions	Balance June 30, 2002
ASSETS				
Cash and Deposits	\$ 2,106	\$ 16,107	\$ 17,307	\$ 906
Accounts Receivables	685	1,504	685	1,504
Total Assets	\$ 2,791	\$ 17,611	\$ 17,992	\$ 2,410
LIABILITIES AND FUND BALANCES				
Liabilities:				
Bonds	\$ -	\$ 4,329	\$ 4,329	\$ -
Total Liabilities	-	4,329	4,329	-
Fund Balances:				
Unreserved, Undesignated				
Consists of:				
Inspection Fees	160	2,480	2,400	240
Electronic Monitoring	405	1,140	1,545	-
Fees, Commissions, Mileage	2,206	9,302	9,373	2,135
Handgun Permits	20	360	345	35
Total Fund Balances	2,791	13,282	13,663	2,410
Total Liabilities and Fund Balances	\$ 2,791	\$ 17,611	\$ 17,992	\$ 2,410

Howard County Attorney
 St. Paul, Nebraska
 Statement of Changes in Assets, Liabilities and Fund Balances
 For the Fiscal Year Ended June 30, 2002

Schedule E-4

	Balance July 1, 2001	Additions	Deductions	Balance June 30, 2002
ASSETS				
Cash and Deposits	\$ 101	\$ 13,432	\$ 13,435	\$ 98
Total Assets	\$ 101	\$ 13,432	\$ 13,435	\$ 98
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Trust Fund Benefits:				
Restitution Payable	\$ 1	\$ 11,672	\$ 11,675	\$ (2)
Total Liabilities	1	11,672	11,675	(2)
 Fund Balances:				
Unreserved, Undesignated				
Consists of:				
Collection Fee	-	1,760	1,760	-
Petty Cash	100	-	-	100
Total Fund Balances	100	1,760	1,760	100
Total Liabilities and Fund Balances	\$ 101	\$ 13,432	\$ 13,435	\$ 98

Howard County Highway Superintendent
 St. Paul, Nebraska
 Statement of Changes in Assets, Liabilities, and Fund Balances
 For the Fiscal Year Ended June 30, 2002

Schedule E-5

	Balance July 1, 2001	Additions	Deductions	Balance June 30, 2002
ASSETS				
Cash	\$ -	\$ 2,361	\$ 2,361	\$ -
Total Assets	\$ -	\$ 2,361	\$ 2,361	\$ -
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to State Treasurer:				
Sales Tax	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-
Fund Balances:				
Unreserved, Undesignated				
Consists of:				
Sale of Surplus Property	-	591	591	-
Miscellaneous	-	1,770	1,770	-
Total Fund Balances	-	2,361	2,361	-
 Total Liabilities and Fund Balances	 \$ -	 \$ 2,361	 \$ 2,361	 \$ -

Howard County Planning and Zoning
 St. Paul, Nebraska
 Statement of Changes in Assets, Liabilities, and Fund Balances
 For the Fiscal Year Ended June 30, 2002

Schedule E-6

	Balance July 1, 2001	Additions	Deductions	Balance June 30, 2002
ASSETS				
Cash and Deposits	\$ -	\$ 2,514	\$ 2,514	\$ -
Total Assets	\$ -	\$ 2,514	\$ 2,514	\$ -
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Other Liabilities	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-
Fund Balances:				
Unreserved, Undesignated				
Consists of:				
Permits	-	2,514	2,514	-
Total Fund Balance	-	2,514	2,514	-
Total Liabilities and Fund Balances	\$ -	\$ 2,514	\$ 2,514	\$ -

Howard County
 Comparative Analysis Of Total Tax Certified, Corrections, and
 Collections For Past Five Tax Years
 Of All Political Subdivisions In Howard County

Schedule F-1

Item	1997	1998	1999	2000	2001
Tax Certified by Assessor					
Real Estate	\$ 5,449,576	\$ 5,248,121	\$ 5,502,221	\$ 5,839,880	\$ 6,062,109
Personal and Specials	478,226	426,162	427,169	420,121	426,112
Total	5,927,802	5,674,283	5,929,390	6,260,001	6,488,221
Corrections					
Additions	8,531	4,883	5,390	1,286	7,771
Deductions	22,682	8,291	9,021	6,495	6,896
Net Additions/ (Deductions)	(14,151)	(3,408)	(3,631)	(5,209)	875
Corrected Certified Tax	5,913,651	5,670,875	5,925,759	6,254,792	6,489,096
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 1998	3,261,905	-	-	-	-
June 30, 1999	2,629,526	3,106,103	-	-	-
June 30, 2000	15,053	2,536,269	3,246,153	-	-
June 30, 2001	3,228	16,422	2,659,730	3,470,405	-
June 30, 2002	1,336	3,137	4,995	2,753,579	3,617,463
Total Net Collections	5,911,048	5,661,931	5,910,878	6,223,984	3,617,463
Total Uncollected Tax	\$ 2,603	\$ 8,944	\$ 14,881	\$ 30,808	\$ 2,871,633
Percentage Uncollected Tax	0.04%	0.16%	0.25%	0.49%	44.25%

STATE OF NEBRASKA AUDITOR OF PUBLIC ACCOUNTS



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

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We have audited the financial statements of Howard County as of and for the year ended June 30, 2002, and have issued our report thereon dated April 9, 2003. The report notes the financial statements were prepared on the basis of cash receipts and disbursements and do not include the financial data of the Howard County Community Hospital, a component unit of Howard County. Except as discussed in the second sentence, 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.

Compliance

As part of obtaining reasonable assurance about whether Howard County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, 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*. We noted certain immaterial instances of noncompliance that we have reported to management of Howard County in the Comments Section of this report as Comment Number 2 (Hospital Budget), Comment Number 3 (Competitive Bidding Requirements), and Comment Number 4 (Inventory Procedures).

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Howard County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide

assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Howard County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the Comments Section of the report as Comment Number 1 (Segregation of Duties).

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 statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider Comment Number 1 to be a material weakness. We also noted another matter involving internal control over financial reporting that we have reported to the management of Howard County in the Comments Section of the report as Comment Number 5 (Balancing Procedures).

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

April 9, 2003


Dawn Hauffman CPA
Deputy State Auditor