

**AUDIT REPORT
OF
HOWARD COUNTY**

JULY 1, 2008 THROUGH JUNE 30, 2009

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the Auditor of Public Accounts.**

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Issued on May 7, 2010

HOWARD COUNTY

TABLE OF CONTENTS

	<u>Page</u>
List of County Officials	1
Financial Section	
Independent Auditors' Report	2 - 3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets - Cash Basis	4
Statement of Activities - Cash Basis	5
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds	6
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Governmental Funds	7
Statement of Fiduciary Assets and Liabilities - Cash Basis - Fiduciary Funds	8
Notes to Financial Statements	9 - 17
Required Supplementary Information:	
Budgetary Comparison Schedule - Budget and Actual - General Fund	18 - 19
Budgetary Comparison Schedule - Budget and Actual - Major Funds	20
Notes to Required Supplementary Information	21
Combining Statements and Schedules:	
Combining Statement of Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Nonmajor Governmental Funds	22 - 23
Budgetary Comparison Schedule - Budget and Actual - Nonmajor Funds	24 - 28
Schedule of Office Activities	29
Schedule of Taxes Certified and Collected for All Political Subdivisions in the County	30
Government Auditing Standards Section	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	31 - 33

HOWARD COUNTY

LIST OF COUNTY OFFICIALS

At June 30, 2009

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Rance Lierman	Board of Commissioners	Jan. 2011
Bill Sack		Jan. 2011
Lauren Scarborough		Jan. 2011
Larry Seifert		Jan. 2013
Jim Sidel		Jan. 2013
Deloris Heminger	Assessor	Jan. 2011
Robert Sivick	Attorney	Jan. 2011
Marge Palmberg	Clerk Election Commissioner Register of Deeds Clerk of the District Court	Jan. 2011
Harold Schenck	Sheriff	Jan. 2011
Connie Nickel	Treasurer	Jan. 2011
Donald Shuda	Veterans' Service Officer	Appointed
Daniel Fredrick	Weed Superintendent	Appointed
Todd Mitchell	Highway Superintendent	Appointed
Franz Trumler	Planning / Zoning	Appointed



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HOWARD COUNTY

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Howard County, Nebraska

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Howard County, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

The financial statements referred to above include only the primary government of Howard County, which consists of all funds, departments, and offices that comprise the County's legal entity. The financial statements do not include financial data for the County's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the County's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of Howard County as of June 30, 2009, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash balances of the governmental activities, each major fund, and the aggregate remaining fund information for the primary government of Howard County, as of June 30, 2009, and the respective changes in cash balances thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2010, on our consideration of Howard County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The budgetary comparison information is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The County has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, nonmajor 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. Such statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole on the basis of accounting described in Note 1.

Signed Original on File

Deann Haeffner, CPA
Assistant Deputy Auditor

May 4, 2010

HOWARD COUNTY
STATEMENT OF NET ASSETS - CASH BASIS
 June 30, 2009

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 1,891,182
Investments (Note 1.D)	97,037
TOTAL ASSETS	\$ 1,988,219
 NET ASSETS	
Restricted for:	
911 Emergency Services	\$ 56,467
Emergency Management	17,515
Other Purposes	13,873
Unrestricted	1,900,364
TOTAL NET ASSETS	\$ 1,988,219

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

HOWARD COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended June 30, 2009

Functions:	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Assets
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ (1,422,073)	\$ 161,056	\$ 27,496	\$ (1,233,521)
Public Safety	(810,771)	25,491	369,704	(415,576)
Public Works	(1,143,767)	-	944,500	(199,267)
Health and Sanitation	(31,280)	-	-	(31,280)
Public Assistance	(38,059)	-	233	(37,826)
Culture and Recreation	(11,668)	-	-	(11,668)
Capital Outlay	(2,817)	-	-	(2,817)
Total Governmental Activities	<u><u>\$ (3,460,435)</u></u>	<u><u>\$ 186,547</u></u>	<u><u>\$ 1,341,933</u></u>	<u><u>(1,931,955)</u></u>

General Receipts:

Property Taxes	2,021,266
Grants and Contributions Not Restricted to Specific Programs	196,601
Investment Income	60,730
Miscellaneous	64,435
Total General Receipts	<u><u>2,343,032</u></u>

Change in Net Assets	411,077
Net Assets - Beginning	1,577,142
Net Assets - Ending	<u><u>\$ 1,988,219</u></u>

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

HOWARD COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
June 30, 2009

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS					
Cash and cash equivalents (Note 1.D)	\$ 1,169,748	\$ 305,844	\$ 234,714	\$ 180,876	\$ 1,891,182
Investments (Note 1.D)	97,037	-	-	-	97,037
TOTAL ASSETS	<u>\$ 1,266,785</u>	<u>\$ 305,844</u>	<u>\$ 234,714</u>	<u>\$ 180,876</u>	<u>\$ 1,988,219</u>
 FUND BALANCES					
Unreserved, reported in:					
General fund	\$ 1,266,785	\$ -	\$ -	\$ -	\$ 1,266,785
Special revenue funds	-	305,844	234,714	180,876	721,434
TOTAL CASH BASIS FUND BALANCES	<u>\$ 1,266,785</u>	<u>\$ 305,844</u>	<u>\$ 234,714</u>	<u>\$ 180,876</u>	<u>\$ 1,988,219</u>

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

HOWARD COUNTY
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2009

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Property Taxes	\$ 1,710,814	\$ -	\$ 154,461	\$ 155,991	\$ 2,021,266
Licenses and Permits	36,022	-	-	-	36,022
Interest	60,730	-	-	-	60,730
Intergovernmental	405,464	974,788	-	158,282	1,538,534
Charges for Services	183,703	-	-	2,844	186,547
Miscellaneous	16,064	6,395	-	5,954	28,413
TOTAL RECEIPTS	<u>2,412,797</u>	<u>981,183</u>	<u>154,461</u>	<u>323,071</u>	<u>3,871,512</u>
DISBURSEMENTS					
General Government	1,418,917	-	-	3,156	1,422,073
Public Safety	480,485	-	-	330,286	810,771
Public Works	81,514	1,032,803	-	29,450	1,143,767
Health and Sanitation	31,280	-	-	-	31,280
Public Assistance	38,059	-	-	-	38,059
Culture and Recreation	-	-	-	11,668	11,668
Capital Outlay	-	-	-	2,817	2,817
TOTAL DISBURSEMENTS	<u>2,050,255</u>	<u>1,032,803</u>	<u>-</u>	<u>377,377</u>	<u>3,460,435</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>362,542</u>	<u>(51,620)</u>	<u>154,461</u>	<u>(54,306)</u>	<u>411,077</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	137,684	200,000	-	55,000	392,684
Transfers out	(200,000)	-	(120,000)	(72,684)	(392,684)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(62,316)</u>	<u>200,000</u>	<u>(120,000)</u>	<u>(17,684)</u>	<u>-</u>
Net Change in Fund Balances	300,226	148,380	34,461	(71,990)	411,077
CASH BASIS FUND BALANCES - BEGINNING	<u>966,559</u>	<u>157,464</u>	<u>200,253</u>	<u>252,866</u>	<u>1,577,142</u>
CASH BASIS FUND BALANCES - ENDING	<u>\$ 1,266,785</u>	<u>\$ 305,844</u>	<u>\$ 234,714</u>	<u>\$ 180,876</u>	<u>\$ 1,988,219</u>

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

HOWARD COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - CASH BASIS
FIDUCIARY FUNDS
 June 30, 2009

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 380,449
 LIABILITIES	
Due to other governments	
State	102,886
Schools	144,870
Educational Service Units	1,440
Technical College	8,731
Natural Resource Districts	4,967
Fire Districts	3,799
Municipalities	32,702
Agricultural Society	2,437
Reclamation Districts	7,982
Historical Society	133
Irrigation Districts	6,315
Others	64,187
TOTAL LIABILITIES	380,449
 TOTAL NET ASSETS	 \$ -

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

HOWARD COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2009

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, Nebraska (County) is a governmental entity established under and governed by the laws of the State of Nebraska (State). The County is managed by elected 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, and other organizations which are fiscally dependent on the County, or the significance of their relationship with the County is 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.

Component Unit. 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 relationships 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.

Joint Organization.

Behavioral Health Region III - The County has entered into an agreement with surrounding counties and the Nebraska Health and Human Services System 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. The Region 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.

HOWARD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 \$16,382 toward the operation of the Region during fiscal year 2009. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Health and Human Services System requires the Region to be audited annually in accordance with State Statute. Financial information for the Region is available in those audit reports.

Health Department – The County has entered into an agreement with the Loup Basin Public Health Department to provide public health services. Agreements were established under authority of the Interlocal Cooperation Act for services to be provided per State Statutes 71-1626 to 71-1636.

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. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is required to be audited annually in accordance with State Statute 84-304. Financial information for the Department is available in that report.

B. Basis of Presentation

Government-wide Financial Statements. The Statement of Net Assets - Cash Basis and Statement of Activities - Cash Basis display information about the activities of the County, and are in the format of government-wide statements as required by GASB Statement Number 34. These statements include all the financial activities of the County, except for fiduciary activities and the Hospital. Internal activities in these statements have not been eliminated. Governmental GAAP would require internal activity to be eliminated to minimize double counting. The County reports governmental activities only. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. The County is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct disbursement of a given function or segment is offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include 1) charges to customers or applicants who purchase, use, or directly benefit from goods,

HOWARD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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.

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 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.

Inheritance Fund. This fund is used to account for the revenues generated from estate taxes.

The County reports the following additional fund types:

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

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

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The accounting records of the County are maintained and the government-wide financial statements were reported on the basis of cash receipts and disbursements. As such, the measurement focus includes only those assets and fund balances arising from cash transactions on the Statement of Net Assets - Cash Basis and the Statement of Activities - Cash Basis. Revenues are recognized when

HOWARD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

received and expenditures 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 revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

D. Assets and Net Assets

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

Investments. The types of investments in which the County is authorized to invest funds are enumerated in Neb. Rev. Stat. §§ 77-2315, 77-2340, and 77-2341 (Reissue 2003), and generally include U.S. Government obligations, certificates of deposit, and time deposits and securities which are authorized by the Nebraska Investment Council.

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

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

HOWARD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Concluded)

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

Restricted Net Assets. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net assets are reported as restricted when constraints placed on their use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net assets reports \$87,855 of restricted net assets, of which \$65,753 is restricted by enabling legislation.

2. Deposits and Investments

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

At year end, the County's carrying amount of deposits was \$1,891,182 for County funds and \$380,449 for Fiduciary funds. The bank balances for all funds totaled \$2,251,234. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits as of June 30, 2009, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

The County's carrying value of investments are stated at cost, which approximates market. Investments consisted of \$97,037 deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a seven member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income which has accrued to each participant is converted as of the close of business of each calendar month into additional units which thereafter are held in each participant's trust account. Since net income of the fund is allocated among participant's each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name.

HOWARD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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.

The levy set in October 2008, for the 2008 taxes which will be materially collected in May and September, 2009, was set at \$.311849/\$100 of assessed valuation. The levy set in October 2007, for the 2007 taxes which were materially collected in May and September, 2008, was set at \$.317434/\$100 of assessed valuation. The amount collected for motor vehicle tax is outlined in State Statute.

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

4. Retirement System

The Retirement System for Nebraska Counties (the Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2335 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 20. 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 Neb. Rev. Stat. §§ 23-2307 and 23-2308 (Reissue 2007), and may be amended through legislative action. The employee's and employer's contributions are kept in separate accounts. The employee's

HOWARD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

account is fully vested. The employer's account is fully vested after three years of participation in the system or credit for participation in another governmental plan prior to actual contribution to the Plan. Prior service benefits are paid directly by the County to the retired employee.

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

For the year ended June 30, 2009, 47 employees contributed \$57,513; the County contributed \$86,270. Additionally, for the year ended June 30, 2009, 5 law enforcement employees and the County contributed \$1,914 in cash contributions for the supplemental law enforcement plan. Lastly, the County paid \$744 directly to 3 retired employees for prior service benefits.

5. **Risk Management**

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 78 counties throughout Nebraska.

The County pays an annual deposit premium as calculated by the administrator of the pool. The premium is based on the losses and exposures of each County and the entire Pool. 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 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.

HOWARD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. **Risk Management** (Concluded)

The agreement with NIRMA provides that NIRMA will provide coverage for up to a maximum amount per occurrence and purchase commercial insurance for claims in excess of coverage provided. In the event of a liability exceeding the commercial insurance, the County would be responsible for funding the excess amount.

	NIRMA Coverage	Maximum Coverage
General Liability Claim	\$ 300,000	\$ 5,000,000
Worker's Compensation Claim	\$ 350,000	Statutory Limits
Property Damage Claim	\$ 250,000	Insured Value at Replacement Cost

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 2010. The County has not had to pay out any amounts that exceeded coverage provided by the Pool in the last three fiscal years.

6. **Interfund Transfers**

Interfund transfers for the year ended June 30, 2009, consisted of the following:

Transfers to	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
Road Fund	\$ 200,000	\$ -	\$ -	\$ 200,000
General Fund	-	65,000	72,684	137,684
Nonmajor Funds	-	55,000	-	55,000
Total	<u>\$ 200,000</u>	<u>\$ 120,000</u>	<u>\$ 72,684</u>	<u>\$ 392,684</u>

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

In the year ended June 30, 2009, the County made a one-time transfer of \$42,439 from the Medical Relief Fund, \$11,568 from the Institutions Fund, and \$18,677 from the County ADA Fund to the General Fund to close those Funds.

HOWARD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

7. **Capital Leases Payable**

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

	John Deere Excavator
Balance July 1, 2008	\$ 73,752
Payments	21,495
Purchases	-
Balance June 30, 2009	<u>\$ 52,257</u>
Future Payments:	
Year	
2010	\$ 24,535
2011	24,535
2012	6,133
Total Payments	<u>55,203</u>
Less Interest	<u>2,946</u>
Present Value of Future Minimum Lease Payments	<u>\$ 52,257</u>
Carrying Value of the related Fixed Asset	<u>\$ 89,219</u>

8. **Contingent Liabilities**

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County Attorney the resolution of these matters will not have a material adverse effect on the financial condition of the County.

9. **Hospital Bonds**

During the past several years the County has issued general obligation bonds for the benefit of the Howard County Community Hospital. As the bonds are general obligation bonds of the County, the County has the authority to levy additional ad valorem taxes, if necessary, to make the required principal and interest payments on the bonds in the event the Hospital cannot meet the debt service obligation. As of June 30, 2009, no additional taxes have been levied by the County. The balance of bonds payable at June 30, 2009, was \$6,955,000. Full disclosure of the liability can be found in the separately issued Hospital audit report.

HOWARD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 1,777,050	\$ 1,777,050	\$ 1,710,814	\$ (66,236)
Licenses and Permits	35,550	35,550	36,022	472
Interest	65,000	65,000	60,730	(4,270)
Intergovernmental	81,550	81,550	405,464	323,914
Charges for Services	183,545	183,545	183,703	158
Miscellaneous	212,000	212,000	16,064	(195,936)
TOTAL RECEIPTS	2,354,695	2,354,695	2,412,797	58,102
DISBURSEMENTS				
General Government:				
County Board	86,200	86,200	86,174	26
County Clerk	90,208	90,208	73,625	16,583
County Treasurer	100,892	100,892	100,361	531
County Assessor	106,537	106,537	102,221	4,316
Election Commissioner	23,550	23,550	20,396	3,154
Building and Zoning	33,055	33,055	27,300	5,755
Clerk of the District Court	37,500	37,500	36,551	949
County Court System	1,850	4,450	4,442	8
Building and Grounds	56,535	60,035	59,987	48
Agricultural Extension Agent	26,380	26,380	26,379	1
Miscellaneous	921,798	915,698	881,481	34,217
Public Safety:				
County Sheriff	272,696	272,696	264,436	8,260
County Attorney	72,650	76,450	76,391	59
County Jail	96,000	96,000	55,675	40,325
Miscellaneous	201,000	197,200	83,983	113,217
Public Works:				
County Surveyor	3,500	3,500	3,031	469
Highway Department	40,515	40,515	35,717	4,798
Miscellaneous	24,000	24,000	42,766	(18,766)
Public Health:				
Miscellaneous	29,919	29,919	31,280	(1,361)

(Continued)

HOWARD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DISBURSEMENTS, Continued				
Public Assistance:				
Veterans' Service Officer	29,215	29,215	29,215	-
Miscellaneous	13,844	13,844	8,844	5,000
TOTAL DISBURSEMENTS	<u>2,267,844</u>	<u>2,267,844</u>	<u>2,050,255</u>	<u>217,589</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>86,851</u>	<u>86,851</u>	<u>362,542</u>	<u>275,691</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	65,000	65,000	137,684	72,684
Transfers out	(200,000)	(200,000)	(200,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(135,000)</u>	<u>(135,000)</u>	<u>(62,316)</u>	<u>72,684</u>
Net Change in Fund Balance	(48,149)	(48,149)	300,226	348,375
FUND BALANCES - BEGINNING	<u>966,559</u>	<u>966,559</u>	<u>966,559</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 918,410</u>	<u>\$ 918,410</u>	<u>\$ 1,266,785</u>	<u>\$ 348,375</u>

(Concluded)

HOWARD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 1,020,358	\$ 1,020,358	\$ 974,788	\$ (45,570)
Miscellaneous	7,000	7,000	6,395	(605)
TOTAL RECEIPTS	<u>1,027,358</u>	<u>1,027,358</u>	<u>981,183</u>	<u>(46,175)</u>
DISBURSEMENTS	<u>1,253,315</u>	<u>1,253,315</u>	<u>1,032,803</u>	<u>220,512</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(225,957)</u>	<u>(225,957)</u>	<u>(51,620)</u>	<u>174,337</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	200,000	200,000	200,000	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Net Change in Fund Balance	(25,957)	(25,957)	148,380	174,337
FUND BALANCE - BEGINNING	157,464	157,464	157,464	-
FUND BALANCE - ENDING	<u>\$ 131,507</u>	<u>\$ 131,507</u>	<u>\$ 305,844</u>	<u>\$ 174,337</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 200,001	\$ 200,001	\$ 154,461	\$ (45,540)
TOTAL RECEIPTS	<u>200,001</u>	<u>200,001</u>	<u>154,461</u>	<u>(45,540)</u>
DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>200,001</u>	<u>200,001</u>	<u>154,461</u>	<u>(45,540)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(140,000)	(140,000)	(120,000)	20,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(140,000)</u>	<u>(140,000)</u>	<u>(120,000)</u>	<u>20,000</u>
Net Change in Fund Balance	60,001	60,001	34,461	(25,540)
FUND BALANCE - BEGINNING	200,253	200,253	200,253	-
FUND BALANCE - ENDING	<u>\$ 260,254</u>	<u>\$ 260,254</u>	<u>\$ 234,714</u>	<u>\$ (25,540)</u>

HOWARD COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2009

BUDGETARY COMPARISON SCHEDULES

GAAP Requirements

Generally Accepted Accounting Principles (GAAP) requires budgetary comparison schedules for the General Fund, and for each major special revenue fund that has a legally adopted annual budget. GAAP further requires the budgetary comparison schedules to include the *original budget* and *final budget* amounts. The *original budget* is the first complete appropriated budget adjusted by reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes *before* the beginning of the fiscal year. The original budget would also include actual appropriation amounts automatically carried over from prior years when required by law. The *final budget* is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year as approved by the County Board or otherwise legally authorized.

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 revenues which have actually been 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 revenue 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 shall adopt the budget and appropriate 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 expenditures of any fund, 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. The County Board is also authorized to budget for the transfer of money between County funds.

HOWARD COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	County Drug Law Enforcement	Emergency Management Fund	Tourism Fund	Unemployment Fund	Medical Relief Fund	Institutions Fund	Highway Safety Fees Fund
RECEIPTS							
Property Taxes	\$ -	\$ -	\$ 10,266	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	133,276	-	-	44	-	-
Charges for Services	-	-	-	-	-	-	2,844
Miscellaneous	-	412	-	-	-	-	-
TOTAL RECEIPTS	-	133,688	10,266	-	44	-	2,844
DISBURSEMENTS							
General Government	-	-	-	3,156	-	-	-
Public Safety	-	153,503	-	-	-	-	1,204
Public Works	-	-	-	-	-	-	-
Culture and Recreation	-	-	11,668	-	-	-	-
Capital Projects	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	-	153,503	11,668	3,156	-	-	1,204
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	-	(19,815)	(1,402)	(3,156)	44	-	1,640
OTHER FINANCING SOURCES (USES)							
Transfers in	-	25,000	-	-	-	-	-
Transfers out	-	-	-	-	(42,439)	(11,568)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	25,000	-	-	(42,439)	(11,568)	-
Net Change in Fund Balances	-	5,185	(1,402)	(3,156)	(42,395)	(11,568)	1,640
FUND BALANCES - BEGINNING	2	12,330	10,687	7,439	42,395	11,568	7,951
FUND BALANCES - ENDING	\$ 2	\$ 17,515	\$ 9,285	\$ 4,283	\$ -	\$ -	\$ 9,591

(Continued)

HOWARD COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2009

	Juvenile Grant Fund	County ADA Fund	County Building Fund	Noxious Weed Control Fund	Communications Fund	911 Emergency Services Fund	Total Nonmajor Governmental Funds
RECEIPTS							
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 116,697	\$ 29,028	\$ 155,991
Intergovernmental	-	-	-	-	24,962	-	158,282
Charges for Services	-	-	-	-	-	-	2,844
Miscellaneous	-	-	-	-	5,542	-	5,954
TOTAL RECEIPTS	-	-	-	-	147,201	29,028	323,071
DISBURSEMENTS							
General Government	-	-	-	-	-	-	3,156
Public Safety	3,057	-	-	-	159,040	13,482	330,286
Public Works	-	-	-	29,450	-	-	29,450
Culture and Recreation	-	-	-	-	-	-	11,668
Capital Projects	-	-	2,817	-	-	-	2,817
TOTAL DISBURSEMENTS	3,057	-	2,817	29,450	159,040	13,482	377,377
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(3,057)	-	(2,817)	(29,450)	(11,839)	15,546	(54,306)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	30,000	-	-	55,000
Transfers out	-	(18,677)	-	-	-	-	(72,684)
TOTAL OTHER FINANCING SOURCES (USES)	-	(18,677)	-	30,000	-	-	(17,684)
Net Change in Fund Balances	(3,057)	(18,677)	(2,817)	550	(11,839)	15,546	(71,990)
FUND BALANCES - BEGINNING	7,645	18,677	2,837	14,391	76,023	40,921	252,866
FUND BALANCES - ENDING	\$ 4,588	\$ -	\$ 20	\$ 14,941	\$ 64,184	\$ 56,467	\$ 180,876

(Concluded)

HOWARD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>COUNTY DRUG LAW ENFORCEMENT</u>				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	-	-	-	-
Net Change in Fund Balance	-	-	-	-
FUND BALANCE - BEGINNING	-	-	2	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ -</u>
<u>EMERGENCY MANAGEMENT FUND</u>				
RECEIPTS				
Intergovernmental	\$ 224,000	\$ 224,000	\$ 133,276	\$ (90,724)
Miscellaneous	1,999	1,999	412	(1,587)
TOTAL RECEIPTS	<u>225,999</u>	<u>225,999</u>	<u>133,688</u>	<u>(92,311)</u>
DISBURSEMENTS	<u>253,880</u>	<u>253,880</u>	<u>153,503</u>	<u>100,377</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	25,000	25,000	25,000	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Net Change in Fund Balance	(2,881)	(2,881)	5,185	8,066
FUND BALANCE - BEGINNING	12,330	12,330	12,330	-
FUND BALANCE - ENDING	<u>\$ 9,449</u>	<u>\$ 9,449</u>	<u>\$ 17,515</u>	<u>\$ 8,066</u>
<u>TOURISM FUND</u>				
RECEIPTS				
Taxes	\$ 6,000	\$ 6,000	\$ 10,266	\$ 4,266
TOTAL RECEIPTS	<u>6,000</u>	<u>6,000</u>	<u>10,266</u>	<u>4,266</u>
DISBURSEMENTS	<u>16,687</u>	<u>16,687</u>	<u>11,668</u>	<u>5,019</u>
Net Change in Fund Balance	(10,687)	(10,687)	(1,402)	9,285
FUND BALANCE - BEGINNING	10,687	10,687	10,687	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,285</u>	<u>\$ 9,285</u>

(Continued)

HOWARD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
UNEMPLOYMENT FUND				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	7,439	7,439	3,156	4,283
Net Change in Fund Balance	(7,439)	(7,439)	(3,156)	4,283
FUND BALANCE - BEGINNING	7,439	7,439	7,439	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,283</u>	<u>\$ 4,283</u>
MEDICAL RELIEF FUND				
RECEIPTS				
Intergovernmental	\$ 44	\$ 44	\$ 44	\$ -
TOTAL RECEIPTS	44	44	44	-
DISBURSEMENTS	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(42,439)	(42,439)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(42,439)	(42,439)
Net Change in Fund Balance	44	44	(42,395)	(42,439)
FUND BALANCE - BEGINNING	42,395	42,395	42,395	-
FUND BALANCE - ENDING	<u>\$ 42,439</u>	<u>\$ 42,439</u>	<u>\$ -</u>	<u>\$ (42,439)</u>
INSTITUTIONS FUND				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(11,568)	(11,568)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(11,568)	(11,568)
Net Change in Fund Balance	-	-	(11,568)	(11,568)
FUND BALANCE - BEGINNING	11,568	11,568	11,568	-
FUND BALANCE - ENDING	<u>\$ 11,568</u>	<u>\$ 11,568</u>	<u>\$ -</u>	<u>\$ (11,568)</u>

(Continued)

HOWARD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>HIGHWAY SAFETY FEES FUND</u>				
RECEIPTS				
Charges for Services	\$ -	\$ -	\$ 2,844	\$ 2,844
TOTAL RECEIPTS	-	-	2,844	2,844
DISBURSEMENTS	1,180	1,180	1,204	(24)
Net Change in Fund Balance	(1,180)	(1,180)	1,640	2,820
FUND BALANCE - BEGINNING	7,951	7,951	7,951	-
FUND BALANCE - ENDING	<u>\$ 6,771</u>	<u>\$ 6,771</u>	<u>\$ 9,591</u>	<u>\$ 2,820</u>
<u>JUVENILE GRANT FUND</u>				
RECEIPTS				
Intergovernmental	\$ 12,000	\$ 12,000	\$ -	\$ (12,000)
TOTAL RECEIPTS	12,000	12,000	-	(12,000)
DISBURSEMENTS	10,000	10,000	3,057	6,943
Net Change in Fund Balance	2,000	2,000	(3,057)	(5,057)
FUND BALANCE - BEGINNING	7,645	7,645	7,645	-
FUND BALANCE - ENDING	<u>\$ 9,645</u>	<u>\$ 9,645</u>	<u>\$ 4,588</u>	<u>\$ (5,057)</u>
<u>COUNTY ADA FUND</u>				
RECEIPTS				
	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS				
	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(18,677)	(18,677)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(18,677)	(18,677)
Net Change in Fund Balance	-	-	(18,677)	(18,677)
FUND BALANCE - BEGINNING	18,677	18,677	18,677	-
FUND BALANCE - ENDING	<u>\$ 18,677</u>	<u>\$ 18,677</u>	<u>\$ -</u>	<u>\$ (18,677)</u>

(Continued)

HOWARD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
COUNTY BUILDING FUND				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	2,837	2,837	2,817	20
Net Change in Fund Balance	(2,837)	(2,837)	(2,817)	20
FUND BALANCE - BEGINNING	2,837	2,837	2,837	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ 20</u>
NOXIOUS WEED CONTROL FUND				
RECEIPTS				
Miscellaneous	\$ 1,050	\$ 1,050	\$ -	\$ (1,050)
TOTAL RECEIPTS	<u>1,050</u>	<u>1,050</u>	<u>-</u>	<u>(1,050)</u>
DISBURSEMENTS	<u>30,095</u>	<u>30,095</u>	<u>29,450</u>	<u>645</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	50,000	30,000	(20,000)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>50,000</u>	<u>50,000</u>	<u>30,000</u>	<u>(20,000)</u>
Net Change in Fund Balance	20,955	20,955	550	(20,405)
FUND BALANCE - BEGINNING	14,391	14,391	14,391	-
FUND BALANCE - ENDING	<u>\$ 35,346</u>	<u>\$ 35,346</u>	<u>\$ 14,941</u>	<u>\$ (20,405)</u>
COMMUNICATIONS FUND				
RECEIPTS				
Taxes	\$ 119,700	\$ 119,700	\$ 116,697	\$ (3,003)
Intergovernmental	1,225	1,225	24,962	23,737
Charges for Services	19,000	19,000	-	(19,000)
Miscellaneous	-	-	5,542	5,542
TOTAL RECEIPTS	<u>139,925</u>	<u>139,925</u>	<u>147,201</u>	<u>7,276</u>
DISBURSEMENTS	<u>131,366</u>	<u>159,080</u>	<u>159,040</u>	<u>40</u>
Net Change in Fund Balance	8,559	(19,155)	(11,839)	7,316
FUND BALANCE - BEGINNING	76,023	76,023	76,023	-
FUND BALANCE - ENDING	<u>\$ 84,582</u>	<u>\$ 56,868</u>	<u>\$ 64,184</u>	<u>\$ 7,316</u>

(Continued)

HOWARD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<u>911 EMERGENCY SERVICES FUND</u>				
RECEIPTS				
Taxes	\$ 30,000	\$ 30,000	\$ 29,028	\$ (972)
TOTAL RECEIPTS	<u>30,000</u>	<u>30,000</u>	<u>29,028</u>	<u>(972)</u>
DISBURSEMENTS				
	<u>6,300</u>	<u>13,586</u>	<u>13,482</u>	<u>104</u>
Net Change in Fund Balance	23,700	16,414	15,546	(868)
FUND BALANCE - BEGINNING	<u>40,921</u>	<u>40,921</u>	<u>40,921</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ 64,621</u></u>	<u><u>\$ 57,335</u></u>	<u><u>\$ 56,467</u></u>	<u><u>\$ (868)</u></u>

(Concluded)

HOWARD COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2009

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	County Planning and Zoning	Total
BALANCE JULY 1, 2008	\$ 8,078	\$ 69,140	\$ 5,407	\$ 502	\$ -	\$ 83,127
RECEIPTS						
Licenses and Permits	435	-	-	-	-	435
Intergovernmental	-	-	205,852	-	-	205,852
Charges for Services	39,450	4,370	19,515	620	7,275	71,230
Miscellaneous	-	-	-	-	28	28
State Fees	29,492	7,048	-	-	-	36,540
Other Liabilities	-	194,911	13,158	8,325	-	216,394
TOTAL RECEIPTS	69,377	206,329	238,525	8,945	7,303	530,479
DISBURSEMENTS						
Payments to County Treasurer	38,064	4,304	20,108	610	7,275	70,361
Payments to State Treasurer	30,638	7,261	-	-	-	37,899
Other Liabilities	-	205,771	95,248	8,399	-	309,418
TOTAL DISBURSEMENTS	68,702	217,336	115,356	9,009	7,275	417,678
BALANCE JUNE 30, 2009	<u>\$ 8,753</u>	<u>\$ 58,133</u>	<u>\$ 128,576</u>	<u>\$ 438</u>	<u>\$ 28</u>	<u>\$ 195,928</u>
BALANCE CONSISTS OF:						
Due to County Treasurer	\$ 5,347	\$ 321	\$ 128,576	\$ 10	\$ 28	\$ 134,282
Due to State Treasurer	3,406	544	-	-	-	3,950
Due to Others	-	57,268	-	428	-	57,696
BALANCE JUNE 30, 2009	<u>\$ 8,753</u>	<u>\$ 58,133</u>	<u>\$ 128,576</u>	<u>\$ 438</u>	<u>\$ 28</u>	<u>\$ 195,928</u>

HOWARD COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED FOR
ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2009

Item	2004	2005	2006	2007	2008
Tax Certified by Assessor					
Real Estate	\$ 7,226,860	\$ 7,717,897	\$ 8,048,118	\$ 8,349,841	\$ 8,755,527
Personal and Specials	317,762	332,444	372,844	406,997	445,653
Total	7,544,622	8,050,341	8,420,962	8,756,838	9,201,180
Corrections					
Additions	2,095	2,273	4,364	13,851	9,985
Deductions	(3,404)	(10,688)	(2,647)	(9,537)	(8,335)
Net Additions/ (Deductions)	(1,309)	(8,415)	1,717	4,314	1,650
Corrected Certified Tax	7,543,313	8,041,926	8,422,679	8,761,152	9,202,830
Net Tax Collected by					
County Treasurer during					
Fiscal Year Ending:					
June 30, 2005	4,229,783	-	-	-	-
June 30, 2006	3,295,930	4,447,069	-	-	-
June 30, 2007	12,291	3,583,190	4,697,493	-	-
June 30, 2008	2,587	6,450	3,709,402	4,985,008	-
June 30, 2009	121	1,993	10,433	3,757,746	5,179,491
Total Net Collections	7,540,712	8,038,702	8,417,328	8,742,754	5,179,491
Total Uncollected Tax	\$ 2,601	\$ 3,224	\$ 5,351	\$ 18,398	\$ 4,023,339
Percentage Uncollected Tax	0.03%	0.04%	0.06%	0.21%	43.72%



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
State Auditor

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HOWARD COUNTY
**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
Howard County, Nebraska

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Howard County as of and for the year ended June 30, 2009, and have issued our report thereon dated May 4, 2010. 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 noted above, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination

of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control over financial reporting:

1. The County offices had a lack of segregation of duties since one person could handle all aspects of processing a transaction from beginning to end. Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. Due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost.
2. The County Sheriff's office maintained a separate bank account for monies received from a Federal Drug Forfeiture and a Highway Safety Grant. These receipts totaled \$205,852 during fiscal year 2009 and should have been turned over to the County Treasurer. Instead these funds were deposited into a bank account maintained by the Sheriff's office. Additionally, the Sheriff made purchases out of this account for a total of \$83,149. These purchases were not approved by the County Board.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider both of the significant deficiencies described above to be material weaknesses.

Compliance and Other Matters

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, 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 the following instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*: See Number 2 above.

We noted certain matters that we reported to management of Howard County in a separate letter dated May 4, 2010.

Howard County's response to the findings identified in our audit are described in the management letter. We did not audit Howard County's response and, accordingly, we express no opinion on it.

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

Signed Original on File

May 4, 2010

Deann Haeffner, CPA
Assistant Deputy Auditor



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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May 4, 2010

Board of Commissioners
Howard County, Nebraska

Dear Commissioners:

We have audited the basic financial statements of Howard County (County) for the fiscal year ended June 30, 2009, and have issued our report thereon dated May 4, 2010. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

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

COUNTY OVERALL

Segregation of Duties

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

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

We also noted the County Assessor's office had the ability to make changes to the tax valuations in the County Treasurer's system without the Treasurer being aware such changes were made.

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. We further recommend controls be put in place to ensure the County Treasurer is aware of all changes to the tax system made by the County Assessor.

County Assessor's Response: As far as the ability of the Assessor being able to change the tax valuations in the Treasurer's system without the Treasurer being aware of such changes, the software program used by the county is set up so the Assessor makes corrections and then sends this to the Treasurer. We also write a paper correction to take to the Commissioner's for approval and a copy of that document goes to both the Treasurer and the Clerk, with advanced copy as well as verbal notification going to the Treasurer at the time the correction is written.

Unclaimed Property

Neb. Rev. Stat § 69-1310 (Reissue 2009), the Unclaimed Property Act, provides any unclaimed property, after three years, is presumed abandoned. Any presumed abandoned property, as of June 30 each year, must be reported and remitted to the State Treasurer by November 1 of each year.

We noted the following instances where unclaimed property was not properly reported and remitted:

- County Treasurer
 - Two checks issued in May 2003 and January 2006 for a total of \$129.
 - Twelve partial payment accounts receipted between April 1979 and December 2001 for a total of \$880.
- County Board
 - Six checks issued from the imprest account between October 2004 and May 2006 for a total of \$657.
- Clerk of the District Court
 - Two trust balances for a total of \$675 where there has been no activity on the cases since 2001.

By failing to remit unclaimed property in accordance with the Unclaimed Property Act, the County is not in compliance with State Statute. There is also an increased risk of loss or misuse of funds.

We recommend the County work to promptly remit all unclaimed property in its possession in accordance with the Unclaimed Property Act.

County Treasurer's Response: Two checks issued in May 2003 and January 2006 – Payees were sent a letter regarding this matter. Since we have had no response to date we will forward the money to the State Treasurer's Office.

Twelve partial payment accounts – We have located two of the persons and have refunded the money we were holding. The remaining money has been forwarded to the State Treasurer's Office.

COUNTY SHERIFF

Unauthorized Account

Neb. Rev. Stat. § 23-109 (Reissue 2007) states “The County board shall have power to examine and settle all accounts against the county and all accounts concerning the receipts and expenditures of the county.”

Neb. Rev. Stat. § 23-1601 (Reissue 2007) requires all money received from whatever source be deposited with the County Treasurer and paid out only on warrants issued by the County Board.

Neb. Rev. Stat. § 23-3108 (Reissue 2007) states, “...purchases of personal property or services by the county board or purchasing agent shall be made: (a) Through the competitive sealed bidding process prescribed in section 23-3111 if the estimated value of the purchase is twenty thousand dollars or more.”

During our audit we noted the County Sheriff’s office maintained a separate bank account for monies received from a Federal Drug Forfeiture and a Highway Safety Grant. These receipts, totaling \$205,852 during fiscal year 2009, were not remitted to the County Treasurer, but were deposited directly into the bank account maintained by the County Sheriff’s office.

The County Sheriff made purchases from this account totaling \$83,149 during fiscal year 2009. These purchases were not approved by the County Board and included:

- Vehicles and Equipment \$ 58,260
- In-Car Videos \$ 20,150
- Rifles \$ 3,182
- Computers \$ 1,271
- Miscellaneous \$ 286

One of the purchases was for a Ford Truck costing \$31,566. This was purchased from a local dealer and no bids were taken as required by State Statute.

When all funds are not properly turned over to the County Treasurer and all purchases are not approved by the County Board, the County Sheriff is not in compliance with State Statute. In addition, there is an increased risk of loss or misuse of County Funds.

We recommend the County Sheriff turn over all funds to the County Treasurer and all disbursements be submitted to the County Board for approval. We further recommend the County Attorney consider these violations of State Statute for further action needed.

County Sheriff’s Response: First of all in response to purchasing the Ford Truck without acquiring bids: We are a very small county and only have one dealership in the county. To keep a good working relationship I decided to purchase the truck locally. Also there were no dealerships offering a State bid on a police pickup truck. In the future we will acquire bids when purchasing any police vehicles.

Secondly in response to turning over all funds to the County Treasurer: This money was received as our share of a Federal Forfeiture. All guidelines were following according to the U.S. Department of Justice Guide to Equitable Sharing of Federally Forfeited Property for State and Local Law Enforcement Agencies. I would like to think that any Federal guidelines would supersede State Statute. Please find enclosed a copy of the application for transfer for forfeited property (currency) and a copy of the application for transfer of forfeited property (vehicle), signed by the County Attorney certifying myself as contract person authorized to accept the forfeiture. Also, please find enclosed a copy of the Federal Equitable Sharing Agreement signed by the Chairperson of the Governing Body (County Commissioner's). It should also be noted that this separate account is being monitored by the County Treasurer. She receives a copy of every purchase and a copy of the check for that purchase. The County Treasurer receives a copy of every bank statement and we balance the account, together, on a monthly basis. As far as submitting disbursements to the County Board for their approval, I would be in direct violation of Appendix C of the Federal guidelines which states "the agency head must authorize all expenditures from the federal sharing revenue account."

In response to the Highway Safety Grant money that was also included in this account, we applied for and received a grant for \$14,000.00 toward the purchase of in-car cameras for our police units. This grant money was slow in arriving so we paid for the cameras out of our forfeiture funds. When we received the grant money we reimbursed our forfeiture account. This practice will be discontinued in the future.

APA Response: We have reviewed the federal guidelines, A Guide to Equitable Sharing of Federally Forfeited Property for State and Local Law Enforcement Agencies, provided by the County Sheriff and find no requirement for this money to be held in a bank account maintained by the Sheriff. There are no contradictions with State Statutes. The Sheriff quotes in his response "the agency head must authorize all expenditures from the federal sharing revenue account", the next sentence in that same document states "In some jurisdictions, approval for expenditures must also be obtained from the government body". We also noted in the federal guidelines the requirement for the Sheriff to "Establish a separate revenue account through your Department of Finance". As noted above in State Statutes 23-109 and 23-1601, the County Treasurer and County Board are considered the Finance Department of the County. There is no indication in the information provided by the Sheriff to indicate procedures outlined in State Statute should be violated or that complying with State Statute would be in conflict with the federal guidelines. The County Sheriff needs to turn the money in the bank account over to the County Treasurer immediately as he is in violation of State Statutes. This matter will also be highlighted in a letter to the County Attorney and Attorney General.

Accounting Issues

Neb. Rev. Stat. § 33-117 (Reissue 2008) requires the County Sheriff pay all fees earned to the County Treasurer.

Good internal controls and sound business practices require bank accounts to be reconciled on a monthly basis, receipts be written for all money received, and all voided checks be kept on hand for subsequent inspection. Good internal control further requires procedures be in place to ensure assets (cash on hand, reconciled bank statement, and accounts receivable) are in agreement with office liabilities (fees and trust accounts).

During our audit of the County Sheriff's accounting records, the following was noted:

- For three of twelve months, the amount remitted to the County Treasurer did not agree to the fees recorded as earned. Total under remittance was \$440.
- Receipts were not consistently written for all money received.
- The bank accounts had not been reconciled since November 2008.
- Voided checks were shredded and not kept on file for subsequent inspection.
- At June 30, 2009, office records indicated assets were long \$2,554 compared to office liabilities.

Without proper oversight of accounting activity and a failure to determine asset-to-liability balancing variances, there is an increased risk of loss, theft, or misuse of funds allowing errors to more easily go undetected.

We recommend the County Sheriff implement procedures to ensure all fees earned are remitted to the County Treasurer, receipts are written for all money received, bank accounts are reconciled on a monthly basis, voided checks are kept on file for subsequent inspection, and that office assets reconcile to office liabilities at all times.

COUNTY TREASURER

Property Tax Commission

Neb. Rev. Stat § 33-114 (Reissue 2008) states, "Each county treasurer shall receive for and on behalf of the county for services rendered to other governmental subdivisions and agencies, ... the following fees: (1) On all sums of money collected by him or her for each fiscal year, two percent of the sums so collected."

The County Treasurer did not charge the Agricultural Society a commission on property taxes collected. Based on fiscal year 2009 collections, this would have calculated to approximately \$500 in commissions. When proper commissions are not charged, the County Treasurer is not collecting all money due the County.

We recommend the County Treasurer collect a 2% commission on all property taxes collected for the Agricultural Society as required by State Statute.

County Treasurer's Response: Agricultural Society Commission on Property Taxes – We have corrected this and will be charging a collection fee of 2% on all future collections.

COUNTY ATTORNEY

Accounting Records

Neb. Rev. Stat. § 23-1207 (Reissue 2007) states, "It shall be the duty of the county attorney, whenever he or she shall receive any money or other property in his or her official capacity, to give to the person paying or depositing such money or other property duplicate receipts."

Good internal controls require; fees be remitted monthly to the County Treasurer, adequate records are maintained to support trust balances at all times, checkbook balances are maintained at correct amounts, and checks are restrictively endorsed upon receipt.

During review of the County Attorney's accounting records, the following was noted:

- No receipts were written for \$2,678 received in the office and deposited into the bank account.
- Checkbook balances on June 30, 2008 and June 30, 2009 were maintained at \$509 and \$449, respectively. The auditor recalculated these balances to be \$502 and \$438 respectively.
- A \$10 check collection fee receipted in November 2008 had not been submitted to the County Treasurer as of June 30, 2009.
- Records could not itemize the trust balance of \$428 at June 30, 2009.
- Office policy was to restrictively endorse checks prior to deposit and not upon receipt.

Without proper internal controls and noncompliance with State Statute, there is an increased risk funds will be misused or lost.

We recommend the County Attorney implement accounting procedures to ensure appropriate internal controls and compliance with State Statute.

COUNTY CLERK

Accounting Records

Good internal controls require procedures be in place to ensure appropriate sales tax collected is remitted to the State Treasurer and fees remitted to the County Treasurer are processed timely and adequately identified.

During testing of the County Clerk, the following was noted:

- Sales tax collected on the sale of plat maps was not remitted to the State.
- An excess balance of \$758 was maintained in the bank account and not remitted timely to the County Treasurer.
- Passport and plat map fees were not separately identified on remittances to the County Treasurer.

Without proper internal controls, there is an increased risk funds will be lost, misused, or misrepresented in the financial statements.

We recommend the County Clerk remit all excess funds to the County Treasurer. In addition, fees remitted monthly to the County Treasurer should be separately identified and sales tax collected on plat maps sold should be submitted to the State.

COUNTY BOARD

Petty Cash Amounts

Neb. Rev. Stat. § 23-106 (Reissue 2007) requires when the County Board establishes a petty cash fund, such amount be stated in the fiscal policy of the County Board budget message.

During our audit, we noted the budget message did not disclose that petty cash amounts had been authorized by the County Board or the amounts which had been authorized. We noted the following petty cash amounts being maintained at June 30, 2009:

- County Treasurer - \$2,000
- Planning / Zoning - \$ 28

When the budget message does not reflect the correct authorized petty cash amounts, the public is not notified of the approved petty cash amounts available to officials.

We recommend the County Board review the petty cash amounts authorized and ensure they are reflected in the annual budget message.

Claims

Internal Revenue Service (IRS) Publication 15 (Circular E) indicates that any payments made to employees that are not under an accountable plan be treated as wages. An accountable plan requires substantiating evidence of expenditures. Neb. Rev. Stat. § 23-143 (Reissue 2007) requires delinquent taxes be deducted from vendor claims before payment of that claim.

During our review of 25 claims, we noted the following:

- Two claims for the use of personal cell phones, for a total of \$90, had no documentation on file to verify the reimbursements did not exceed the actual cost of the service.
- There was no documentation on file to indicate the claims were reviewed for delinquent property taxes.

We recommend the County Board require supporting documentation to ensure amounts reimbursed for cell phones do not exceed the actual cost of the service. Additionally, the review for delinquent property taxes should be documented.

COUNTY ASSESSOR

Personal Property Tax

Neb. Rev. Stat. § 77-1233.04 (Reissue 2009) states that whenever valuation changes are made to a personal property return, the County Assessor shall correct the assessment roll and tax list, if necessary, to reflect such changes. Good internal control requires procedures be in place to ensure the correct personal property valuation is used to determine tax amount.

During testing of ten 2008 personal property tax returns, the following was noted:

- One return listed a valuation of \$339,970; however, the personal property tax list reflected a taxable valuation of \$429,342. The County Assessor was unable to document and/or adequately explain this increase in taxable valuation.

When valuation changes occur and are not adequately documented, there is an increased risk of subsequent taxable valuation protest and/or incorrect tax collections.

We recommend the County Assessor implement procedures to ensure the taxable valuation is correct and proper documentation of all valuation changes are maintained.

County Assessor's Response: We do have in place a procedure to document all valuation changes on the personal property schedules. The one record that had an error was a computer error that we are reviewing with our software provider TerraScan to ensure this does not happen again.

HIGHWAY SUPERINTENDENT

Accounting Records

Good internal controls and sound business practices require receipts be written for all monies received to ensure all financial activity is properly recorded and accounted for.

During the audit period, the Highway Superintendent did not write receipts or maintain any accounting records for money received in the office. All receipts were taken directly to the County Treasurer's office.

Without initial documentation of money received there is an increased risk of loss, theft, or misuse of County funds.

We recommend the Highway Superintendent begin writing receipts for all money received by the office.

County Highway Superintendent's Response: I have only been with Howard County since January 4th, 2010, so I wasn't an employee during the fiscal year ending June 30th, 2009. When I arrived, I came into a somewhat hostile environment that had been run by an absentee superintendent which had very poor record keeping policies. There was no policy on handling

money and I was unaware of any money handling duties of this department. Since that time controls have been implemented so that all proceeds from the sale of the scrap iron would be recorded and accounted for.

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

Draft copies of this report were furnished to the County to provide them an opportunity to review the report and to respond to the comments and recommendations included in this report. All formal responses received have been incorporated into this report. Where no response has been included, the County declined to respond. Responses 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.

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.

Sincerely,

Signed Original on File

Deann Haeffner, CPA
Assistant Deputy Auditor