

**AUDIT REPORT  
OF  
RICHARDSON COUNTY**

**JULY 1, 2010 THROUGH JUNE 30, 2011**

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**Issued on December 9, 2011**

RICHARDSON COUNTY

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RICHARDSON COUNTY  
**LIST OF COUNTY OFFICIALS**  
 At June 30, 2011

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
David Sickel	Board of Commissioners	Jan. 2013
Bill Ely		Jan. 2013
Myron Davidson		Jan. 2015
Regina Cummings	Assessor	Jan. 2015
Robert Meyer	Attorney	Jan. 2015
Mary Eickoff	Clerk Election Commissioner Register of Deeds	Jan. 2015
Pamela Scott	Clerk of the District Court	Jan. 2015
Randy Houser	Sheriff	Jan. 2015
Connie Kennedy	Treasurer	Jan. 2015
Ralph Huettner	Veterans' Service Officer	Appointed
Marvin Palmer	Weed Superintendent	Appointed
Scott Huppert	Highway Superintendent	Appointed



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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## RICHARDSON COUNTY

### INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Richardson County, Nebraska

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Richardson County, as of and for the year ended June 30, 2011, which collectively comprise the basic financial statements of the County's primary government, 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.

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 Richardson County, as of June 30, 2011, 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 December 7, 2011, on our consideration of Richardson 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 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, which the accounting principles generally accepted in the United States of America have 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

December 7, 2011

Deann Haeffner, CPA  
Assistant Deputy Auditor

RICHARDSON COUNTY  
**STATEMENT OF NET ASSETS - CASH BASIS**  
 June 30, 2011

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents (Note 1.D)	\$ 3,030,213
Investments (Note 1.D)	436,170
<b>TOTAL ASSETS</b>	<b>\$ 3,466,383</b>
 <b>NET ASSETS</b>	
Restricted for:	
Visitor's Promotion	\$ 73,217
Drug Education	873
Law Enforcement	4,666
Unrestricted	3,387,627
<b>TOTAL NET ASSETS</b>	<b>\$ 3,466,383</b>

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

RICHARDSON COUNTY  
**STATEMENT OF ACTIVITIES - CASH BASIS**  
For the Year Ended June 30, 2011

<b>Functions:</b>	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Assets
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
General Government	\$ (1,996,839)	\$ 266,899	\$ 104,768	\$ (1,625,172)
Public Safety	(1,209,503)	99,249	118,064	(992,190)
Public Works	(2,581,796)	3,600	983,877	(1,594,319)
Health and Sanitation	(55,992)	-	-	(55,992)
Public Assistance	(76,742)	130	6,246	(70,366)
Culture and Recreation	(6,600)	-	-	(6,600)
Debt Payments	-	-	-	-
Capital Outlay	-	-	-	-
<b>Total Governmental Activities</b>	<b><u><u>\$ (5,927,472)</u></u></b>	<b><u><u>\$ 369,878</u></u></b>	<b><u><u>\$ 1,212,955</u></u></b>	<b><u><u>(4,344,639)</u></u></b>

General Receipts:

Property Taxes	3,988,815
Grants and Contributions Not Restricted to Specific Programs	517,919
Investment Income	24,717
Licenses and Permits	32,211
Bond Proceeds	1,977,000
Miscellaneous	75,702
<b>Total General Receipts</b>	<b><u><u>6,616,364</u></u></b>
Change in Net Assets	2,271,725
Net Assets - Beginning	1,194,658
Net Assets - Ending	<b><u><u>\$ 3,466,383</u></u></b>

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

RICHARDSON COUNTY  
**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
June 30, 2011

	General Fund	Road Fund	Inheritance Fund	Road/Bridge Construction Highway Allocation Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents (Note 1.D)	\$ 129,213	\$ 220,854	\$ 140,029	\$ 1,977,000	\$ 563,117	\$ 3,030,213
Investments (Note 1.D)	186,170	-	250,000	-	-	436,170
<b>TOTAL ASSETS</b>	<b><u>\$ 315,383</u></b>	<b><u>\$ 220,854</u></b>	<b><u>\$ 390,029</u></b>	<b><u>\$ 1,977,000</u></b>	<b><u>\$ 563,117</u></b>	<b><u>\$ 3,466,383</u></b>
<b>FUND BALANCES</b>						
Restricted for:						
Visitor's Promotion	\$ -	\$ -	\$ -	\$ -	\$ 73,217	\$ 73,217
Drug Education	-	-	-	-	873	873
Law Enforcement	-	-	-	-	4,666	4,666
Committed to:						
Law Enforcement	-	-	-	-	7,081	7,081
Road Maintenance	-	220,854	-	1,977,000	378,278	2,576,132
Aid and Assistance	-	-	-	-	81,054	81,054
General Government	-	-	-	-	15,239	15,239
Public Works	-	-	-	-	2,709	2,709
Assigned to:						
Other Purposes	-	-	390,029	-	-	390,029
Unassigned	315,383	-	-	-	-	315,383
<b>TOTAL CASH BASIS FUND BALANCES</b>	<b><u>\$ 315,383</u></b>	<b><u>\$ 220,854</u></b>	<b><u>\$ 390,029</u></b>	<b><u>\$ 1,977,000</u></b>	<b><u>\$ 563,117</u></b>	<b><u>\$ 3,466,383</u></b>

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



RICHARDSON COUNTY  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2011

	General Fund	Road Fund	Inheritance Fund	Road/Bridge Construction Highway Allocation Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>						
Property Taxes	\$ 3,295,311	\$ -	\$ 622,867	\$ -	\$ 70,637	\$ 3,988,815
Licenses and Permits	32,211	-	-	-	-	32,211
Interest	24,713	-	-	-	4	24,717
Intergovernmental	553,343	984,034	-	-	193,497	1,730,874
Charges for Services	363,773	3,600	-	-	2,505	369,878
Miscellaneous	37,992	37,710	-	1,977,000	-	2,052,702
<b>TOTAL RECEIPTS</b>	<u>4,307,343</u>	<u>1,025,344</u>	<u>622,867</u>	<u>1,977,000</u>	<u>266,643</u>	<u>8,199,197</u>
<b>DISBURSEMENTS</b>						
General Government	1,924,241	-	52,901	-	19,697	1,996,839
Public Safety	1,029,540	-	-	-	179,963	1,209,503
Public Works	10,882	2,556,039	-	-	14,875	2,581,796
Health and Sanitation	55,992	-	-	-	-	55,992
Public Assistance	62,718	-	-	-	14,024	76,742
Culture and Recreation	-	-	-	-	6,600	6,600
<b>TOTAL DISBURSEMENTS</b>	<u>3,083,373</u>	<u>2,556,039</u>	<u>52,901</u>	<u>-</u>	<u>235,159</u>	<u>5,927,472</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>1,223,970</u>	<u>(1,530,695)</u>	<u>569,966</u>	<u>1,977,000</u>	<u>31,484</u>	<u>2,271,725</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	197,500	1,649,105	-	-	17,133	1,863,738
Transfers out	(1,420,688)	-	(443,050)	-	-	(1,863,738)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,223,188)</u>	<u>1,649,105</u>	<u>(443,050)</u>	<u>-</u>	<u>17,133</u>	<u>-</u>
Net Change in Fund Balances	782	118,410	126,916	1,977,000	48,617	2,271,725
<b>CASH BASIS FUND BALANCES - BEGINNING</b>	<u>314,601</u>	<u>102,444</u>	<u>263,113</u>	<u>-</u>	<u>514,500</u>	<u>1,194,658</u>
<b>CASH BASIS FUND BALANCES - ENDING</b>	<u>\$ 315,383</u>	<u>\$ 220,854</u>	<u>\$ 390,029</u>	<u>\$ 1,977,000</u>	<u>\$ 563,117</u>	<u>\$ 3,466,383</u>

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

RICHARDSON COUNTY  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - CASH BASIS**  
**FIDUCIARY FUNDS**  
June 30, 2011

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,100,789
 <b>LIABILITIES</b>	
Due to other governments	
State	111,113
Schools	592,356
Educational Service Units	16,461
Technical College	23,062
Natural Resource Districts	16,486
Fire Districts	8,535
Municipalities	94,913
Agricultural Society	2,339
Drainage Districts	11,389
Others	75,369
Property Tax Credit Over Distribution	(18,746)
Unreceipted and Undistributed at June 30, 2011	167,512
<b>TOTAL LIABILITIES</b>	<b>1,100,789</b>
 <b>TOTAL NET ASSETS</b>	 <b>\$ -</b>

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

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

1. **Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

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

As required by generally accepted accounting principles (GAAP), these financial statements present the County (the primary government). No component units were identified.

**Joint Organization.**

Behavioral Health Region V - The County has entered into an agreement with surrounding counties and the Nebraska 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 V (Region) consists of the following counties: Polk, Butler, Saunders, Seward, Lancaster, Otoe, Fillmore, Saline, Thayer, Jefferson, Gage, Johnson, Nemaha, Pawnee, York, and Richardson.

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of federal, state, local, and private funding. The County contributed \$32,935 toward the operation of the Region during fiscal year 2011. In the event of the termination of the agreement, assets would be disposed of in

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 Southeast District Health Department (Department) to provide public health services. Agreements were established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636 (Reissue 2009, Supp. 2011).

The Department's governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed no funding toward the operation of the Department during fiscal year 2011. 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 Neb. Rev. Stat. § 84-304(4) (Reissue 2008). 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. Internal activities in these statements were considered immaterial and have not been eliminated. Governmental Generally Accepted Accounting Principles (GAAP) requires internal activity to be eliminated to minimize double counting. The County reports governmental activities only. Governmental activities are generally financed through taxes, intergovernmental receipts, and other nonexchange transactions.

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

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

The County reports the following major governmental funds:

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

**Road Fund.** This fund is used to account for costs associated with the repair and maintenance of roads and bridges.

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

**Road/Bridge Construction Highway Allocation Fund.** This fund is used to account for the receipt of Highway Allocation Bond proceeds issued during fiscal year 2011 and expenditure of those bonds on various road projects.

The County reports the following additional fund types:

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

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

The County designates fund balances as:

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

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

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

**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. Receipts are recognized when received and disbursements are recognized when warrants are paid. This differs from governmental GAAP, which requires the government-wide and fiduciary fund financial statements to be reported using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus and basis of accounting receipts are recorded when earned and disbursements are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

**D. Assets and Net 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 2009), and generally include U.S. Government obligations, certificates of deposit, and time deposits and securities, which are authorized by the Nebraska Investment Council.

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

**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.

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

**Restricted Net 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 \$78,756 of restricted net assets, which 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 \$3,030,213 for County funds and \$1,100,789 for Fiduciary funds. The bank balances for all funds totaled \$3,638,710. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2011, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

RICHARDSON COUNTY

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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

The County's carrying value of investments are stated at cost, which approximates market. Investments consisted of \$436,170 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.

**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 2010, for the 2010, taxes which will be materially collected in May and September 2011, was set at \$.430790/\$100 of assessed valuation. The levy set in October 2009, for the 2009 taxes, which were materially collected in May and September 2010, was set at \$.430733/\$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



RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2335 (Reissue 2007, Cum. Supp. 2010, Supp. 2011) 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 § 23-2307 and § 23-2308 and may be amended through legislative action. The employee's and employer's contributions are kept in separate accounts. The employee's account is fully vested. The employer's account is fully vested after three years of participation in the system or credit for participation in another governmental plan prior to actual contribution to the Plan. 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, 2011, 79 employees contributed \$88,235, and the County contributed \$132,354. Additionally, for the year ended June 30, 2011, 12 law enforcement employees and the County contributed \$1,932 in cash contributions for the supplemental law enforcement plan. Lastly, the County paid \$1,429 directly to 10 retired employees for prior service benefits.

5. **Risk Management**

The County is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County 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 otherwise unable to discharge its legal liabilities

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. **Risk Management** (Concluded)

and 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, is sent to each county in writing, and each county has sixty days in which to pay the amount of such assessment. Each county remains liable for such assessments, regardless of such county's withdrawal from participation or the termination of the agreement, as well as for liabilities of the Pool incurred during such county's period of membership.

The agreement with NIRMA requires the risk pool to 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	\$ 500,000	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 2012. 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, 2011, consisted of the following:

<b><u>Transfers to</u></b>	<u>Transfers from</u>		Total
	General Fund	Inheritance Fund	
General Fund	\$ -	\$ 197,500	\$ 197,500
Road Fund	1,406,105	243,000	1,649,105
Nonmajor Funds	14,583	2,550	17,133
Total	<u>\$ 1,420,688</u>	<u>\$ 443,050</u>	<u>\$ 1,863,738</u>

RICHARDSON COUNTY

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**6. Interfund Transfers** (Concluded)

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

**7. Capital Leases Payable**

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

	Motor Grader	Hydra Platform	Ambulance	Total
Balance July 1, 2010	\$ -	\$ -	\$ -	\$ -
Purchases	172,750	96,900	142,475	412,125
Payments	56,844	-	-	56,844
Balance June 30, 2011	<u>\$ 115,906</u>	<u>\$ 96,900</u>	<u>\$ 142,475</u>	<u>\$ 355,281</u>

Future Payments:

<b>Year</b>				<u>Total</u>
2012	60,109	33,018	37,193	130,320
2013	60,109	33,018	37,193	130,320
2014	1	33,019	37,193	70,213
2015	-	-	37,193	37,193
Total Payments	<u>120,219</u>	<u>99,055</u>	<u>148,772</u>	<u>368,046</u>
Less Interest	<u>4,313</u>	<u>2,155</u>	<u>6,297</u>	<u>12,765</u>
Present Value of Future Minimum Lease Payments	<u>\$ 115,906</u>	<u>\$ 96,900</u>	<u>\$ 142,475</u>	<u>\$ 355,281</u>
Carrying Value of the Related Fixed Asset	<u>\$ 172,500</u>	<u>\$ 96,900</u>	<u>\$ 139,625</u>	<u>\$ 409,025</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.

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

9. **Long-Term Debt**

The County issued highway bonds on May 17, 2011, in the amount of \$2,000,000 for the purpose of paying the costs of construction of certain streets, highways, and roads within Richardson County. The bond payable balance, as of June 30, 2011, was \$2,000,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Future tax resources will be used to pay off the bonds.

Future Payments:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ 80,000	\$ 68,218	\$ 148,218
2013	80,000	67,497	147,497
2014	80,000	66,618	146,618
2015	80,000	65,457	145,457
2016	80,000	64,018	144,018
2017-2021	445,000	288,825	733,825
2022-2026	520,000	209,517	729,517
2027-2031	635,000	91,105	726,105
Total Payments	<u>\$ 2,000,000</u>	<u>\$ 921,255</u>	<u>\$ 2,921,255</u>

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

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 3,530,492	\$ 3,530,492	\$ 3,295,311	\$ (235,181)
Licenses and Permits	29,700	29,700	32,211	2,511
Interest	25,000	25,000	24,713	(287)
Intergovernmental	442,161	442,161	553,343	111,182
Charges for Services	337,420	337,420	363,773	26,353
Miscellaneous	11,500	11,500	37,992	26,492
<b>TOTAL RECEIPTS</b>	<b>4,376,273</b>	<b>4,376,273</b>	<b>4,307,343</b>	<b>(68,930)</b>
<b>DISBURSEMENTS</b>				
General Government:				
County Board	53,830	53,830	53,830	-
County Clerk	117,324	117,324	111,646	5,678
County Treasurer	129,745	129,745	126,065	3,680
County Assessor	166,624	168,861	168,861	-
Election Commissioner	67,202	67,202	57,586	9,616
Clerk of the District Court	50,986	50,986	50,986	-
County Court System	9,000	9,000	7,730	1,270
Building and Grounds	132,542	132,542	111,677	20,865
Agricultural Extension Agent	50,444	50,444	49,952	492
CDC Child Support Agreement	32,301	32,301	27,604	4,697
Miscellaneous	1,241,321	1,235,295	1,158,304	76,991
Public Safety:				
County Sheriff	272,113	272,113	261,835	10,278
County Attorney	56,250	56,250	56,004	246
Humboldt Sheriff	57,977	57,977	57,649	328
County Jail	257,950	261,739	261,739	-
Emergency Management	64,115	64,115	42,499	21,616
Attorney Child Support Agreement	69,150	69,150	69,141	9
Attorney Incentive Match	25,238	25,238	17,600	7,638
Investigator	56,226	56,226	47,158	9,068
Miscellaneous	135,900	135,900	168,511	(32,611)
Nuclear Accident Emerg Prep	63,427	63,427	47,404	16,023
Public Works:				
County Surveyor	12,500	12,500	10,882	1,618

(Continued)

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

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>DISBURSEMENTS (Continued)</b>				
Public Health:				
Miscellaneous	50,932	50,932	55,992	(5,060)
Public Assistance:				
Veterans' Service Officer	51,993	51,993	51,890	103
Miscellaneous	10,802	10,802	10,828	(26)
<b>TOTAL DISBURSEMENTS</b>	<u>3,235,892</u>	<u>3,235,892</u>	<u>3,083,373</u>	<u>152,519</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>1,140,381</u>	<u>1,140,381</u>	<u>1,223,970</u>	<u>83,589</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	180,000	180,000	197,500	17,500
Transfers out	(1,559,982)	(1,559,982)	(1,420,688)	139,294
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<u>(1,379,982)</u>	<u>(1,379,982)</u>	<u>(1,223,188)</u>	<u>156,794</u>
Net Change in Fund Balance	(239,601)	(239,601)	782	240,383
<b>FUND BALANCE - BEGINNING</b>	314,601	314,601	314,601	-
<b>FUND BALANCE - ENDING</b>	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ 315,383</u>	<u>\$ 240,383</u>

(Concluded)

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

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD FUND</b>				
<b>RECEIPTS</b>				
Intergovernmental	\$ 925,389	\$ 925,389	\$ 984,034	\$ 58,645
Charges for Services	3,600	3,600	3,600	-
Miscellaneous	51,627	51,627	37,710	(13,917)
<b>TOTAL RECEIPTS</b>	<u>980,616</u>	<u>980,616</u>	<u>1,025,344</u>	<u>44,728</u>
<b>DISBURSEMENTS</b>	<u>2,777,809</u>	<u>2,777,809</u>	<u>2,556,039</u>	<u>221,770</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(1,797,193)</u>	<u>(1,797,193)</u>	<u>(1,530,695)</u>	<u>266,498</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,769,749	1,769,749	1,649,105	(120,644)
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,769,749</u>	<u>1,769,749</u>	<u>1,649,105</u>	<u>(120,644)</u>
Net Change in Fund Balance	(27,444)	(27,444)	118,410	145,854
FUND BALANCE - BEGINNING	102,444	102,444	102,444	-
FUND BALANCE - ENDING	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ 220,854</u>	<u>\$ 145,854</u>
<b>INHERITANCE FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 281,887	\$ 281,887	\$ 622,867	\$ 340,980
<b>TOTAL RECEIPTS</b>	<u>281,887</u>	<u>281,887</u>	<u>622,867</u>	<u>340,980</u>
<b>DISBURSEMENTS</b>	<u>365,000</u>	<u>365,000</u>	<u>52,901</u>	<u>312,099</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(83,113)</u>	<u>(83,113)</u>	<u>569,966</u>	<u>653,079</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(180,000)	(180,000)	(443,050)	(263,050)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(180,000)</u>	<u>(180,000)</u>	<u>(443,050)</u>	<u>(263,050)</u>
Net Change in Fund Balance	(263,113)	(263,113)	126,916	390,029
FUND BALANCE - BEGINNING	263,113	263,113	263,113	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 390,029</u>	<u>\$ 390,029</u>

(Continued)

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

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD/BRIDGE CONSTRUCTION</b>				
<b>HIGHWAY ALLOCATION FUND</b>				
<b>RECEIPTS</b>				
Miscellaneous	\$ -	\$ -	\$ 1,977,000	\$ 1,977,000
TOTAL RECEIPTS	-	-	1,977,000	1,977,000
<b>DISBURSEMENTS</b>	-	-	-	-
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	-	-	1,977,000	1,977,000
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balance	-	-	1,977,000	1,977,000
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 1,977,000	\$ 1,977,000

(Concluded)



RICHARDSON COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2011

**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 receipts actually received by the County Treasurer. The County does not utilize an encumbrance accounting system. All appropriated spending authority lapses at the end of the fiscal year.

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

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

**RICHARDSON COUNTY**  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH**  
**BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2011

	Federal Matching Fund	Civil Defense Fund	Chroma- tograph Fund	Visitor's Promotion Fund	Employment Security Fund	Medical Relief Fund	Institutions Fund
<b>RECEIPTS</b>							
Property Taxes	\$ -	\$ -	\$ -	\$ 29,047	\$ 25,000	\$ 10,634	\$ 3,258
Interest	-	-	-	-	-	-	-
Intergovernmental	-	147,000	-	-	2,278	1,066	358
Charges for Services	-	-	2,375	-	-	130	-
<b>TOTAL RECEIPTS</b>	<u>-</u>	<u>147,000</u>	<u>2,375</u>	<u>29,047</u>	<u>27,278</u>	<u>11,830</u>	<u>3,616</u>
<b>DISBURSEMENTS</b>							
General Government	-	-	-	-	19,697	-	-
Public Safety	-	147,000	1,792	-	-	-	-
Public Works	-	-	-	-	-	-	-
Public Assistance	-	-	-	-	-	6,491	5,133
Culture and Recreation	-	-	-	6,600	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>-</u>	<u>147,000</u>	<u>1,792</u>	<u>6,600</u>	<u>19,697</u>	<u>6,491</u>	<u>5,133</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>-</u>	<u>-</u>	<u>583</u>	<u>22,447</u>	<u>7,581</u>	<u>5,339</u>	<u>(1,517)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	-	500	-	-
Transfers out	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	583	22,447	8,081	5,339	(1,517)
<b>FUND BALANCES - BEGINNING</b>	<u>238,841</u>	<u>-</u>	<u>6,498</u>	<u>50,770</u>	<u>7,158</u>	<u>61,703</u>	<u>14,836</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 238,841</u>	<u>\$ -</u>	<u>\$ 7,081</u>	<u>\$ 73,217</u>	<u>\$ 15,239</u>	<u>\$ 67,042</u>	<u>\$ 13,319</u>
<b>FUND BALANCES:</b>							
Restricted for:							
Visitor's Promotion	\$ -	\$ -	\$ -	\$ 73,217	\$ -	\$ -	\$ -
Drug Education	-	-	-	-	-	-	-
Law Enforcement	-	-	-	-	-	-	-
Committed to:							
Law Enforcement	-	-	7,081	-	-	-	-
Road Maintenance	\$ 238,841	-	-	-	-	-	-
Aid and Assistance	-	-	-	-	-	67,042	13,319
General Government	-	-	-	-	15,239	-	-
Public Works	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 238,841</u>	<u>\$ -</u>	<u>\$ 7,081</u>	<u>\$ 73,217</u>	<u>\$ 15,239</u>	<u>\$ 67,042</u>	<u>\$ 13,319</u>

(Continued)

**RICHARDSON COUNTY**  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH**  
**BASIS FUND BALANCES**

**NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2011

	Veterans' Aid Fund	County Drug Law Enforcement Fund	Federal Forfeiture Fund	Juvenile Services Grant Fund	Natural Disaster Fund	Noxious Weed Fund	Total Nonmajor Governmental Funds
<b>RECEIPTS</b>							
Property Taxes	\$ 2,698	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,637
Interest	-	-	4	-	-	-	4
Intergovernmental	193	-	-	31,171	11,431	-	193,497
Charges for Services	-	-	-	-	-	-	2,505
<b>TOTAL RECEIPTS</b>	<u>2,891</u>	<u>-</u>	<u>4</u>	<u>31,171</u>	<u>11,431</u>	<u>-</u>	<u>266,643</u>
<b>DISBURSEMENTS</b>							
General Government	-	-	-	-	-	-	19,697
Public Safety	-	-	-	31,171	-	-	179,963
Public Works	-	-	-	-	-	14,875	14,875
Public Assistance	2,400	-	-	-	-	-	14,024
Culture and Recreation	-	-	-	-	-	-	6,600
<b>TOTAL DISBURSEMENTS</b>	<u>2,400</u>	<u>-</u>	<u>-</u>	<u>31,171</u>	<u>-</u>	<u>14,875</u>	<u>235,159</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>491</u>	<u>-</u>	<u>4</u>	<u>-</u>	<u>11,431</u>	<u>(14,875)</u>	<u>31,484</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	-	-	16,633	17,133
Transfers out	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,633</u>	<u>17,133</u>
Net Change in Fund Balances	491	-	4	-	11,431	1,758	48,617
<b>FUND BALANCES - BEGINNING</b>	<u>202</u>	<u>873</u>	<u>3,512</u>	<u>1,150</u>	<u>128,006</u>	<u>951</u>	<u>514,500</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 693</u>	<u>\$ 873</u>	<u>\$ 3,516</u>	<u>\$ 1,150</u>	<u>\$ 139,437</u>	<u>\$ 2,709</u>	<u>\$ 563,117</u>
<b>FUND BALANCES:</b>							
Restricted for:							
Visitor's Promotion	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 73,217
Drug Education	-	873	-	-	-	-	873
Law Enforcement	-	-	3,516	1,150	-	-	4,666
Committed to:							
Law Enforcement	-	-	-	-	-	-	7,081
Road Maintenance	-	-	-	-	139,437	-	378,278
Aid and Assistance	693	-	-	-	-	-	81,054
General Government	-	-	-	-	-	-	15,239
Public Works	-	-	-	-	-	2,709	2,709
<b>TOTAL FUND BALANCES</b>	<u>\$ 693</u>	<u>\$ 873</u>	<u>\$ 3,516</u>	<u>\$ 1,150</u>	<u>\$ 139,437</u>	<u>\$ 2,709</u>	<u>\$ 563,117</u>

(Concluded)

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

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>FEDERAL MATCHING FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
<b>TOTAL RECEIPTS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DISBURSEMENTS</b>	<u>238,841</u>	<u>238,841</u>	<u>-</u>	<u>238,841</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(238,841)	(238,841)	-	238,841
FUND BALANCE - BEGINNING	238,841	238,841	238,841	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 238,841</u>	<u>\$ 238,841</u>
<b>CIVIL DEFENSE FUND</b>				
<b>RECEIPTS</b>				
Intergovernmental	\$ 380,000	\$ 380,000	\$ 147,000	\$ (233,000)
<b>TOTAL RECEIPTS</b>	<u>380,000</u>	<u>380,000</u>	<u>147,000</u>	<u>(233,000)</u>
<b>DISBURSEMENTS</b>	<u>380,000</u>	<u>380,000</u>	<u>147,000</u>	<u>233,000</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

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

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>CHROMATOGRAPH FUND</b>				
<b>RECEIPTS</b>				
Charges for Services	\$ -	\$ -	\$ 2,375	\$ 2,375
<b>TOTAL RECEIPTS</b>	<b>-</b>	<b>-</b>	<b>2,375</b>	<b>2,375</b>
<b>DISBURSEMENTS</b>	<b>6,498</b>	<b>6,498</b>	<b>1,792</b>	<b>4,706</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balance	(6,498)	(6,498)	583	7,081
FUND BALANCE - BEGINNING	6,498	6,498	6,498	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,081</u>	<u>\$ 7,081</u>
<b>VISITOR'S PROMOTION FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 20,000	\$ 20,000	\$ 29,047	\$ 9,047
<b>TOTAL RECEIPTS</b>	<b>20,000</b>	<b>20,000</b>	<b>29,047</b>	<b>9,047</b>
<b>DISBURSEMENTS</b>	<b>70,770</b>	<b>70,770</b>	<b>6,600</b>	<b>64,170</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balance	(50,770)	(50,770)	22,447	73,217
FUND BALANCE - BEGINNING	50,770	50,770	50,770	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,217</u>	<u>\$ 73,217</u>

(Continued)

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

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>EMPLOYMENT SECURITY FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 37,842	\$ 37,842	\$ 25,000	\$ (12,842)
Intergovernmental	-	-	2,278	2,278
<b>TOTAL RECEIPTS</b>	<b>37,842</b>	<b>37,842</b>	<b>27,278</b>	<b>(10,564)</b>
<b>DISBURSEMENTS</b>	<b>45,000</b>	<b>45,000</b>	<b>19,697</b>	<b>25,303</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	500	500
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>500</b>
Net Change in Fund Balance	(7,158)	(7,158)	8,081	15,239
FUND BALANCE - BEGINNING	7,158	7,158	7,158	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,239</u>	<u>\$ 15,239</u>
<b>MEDICAL RELIEF FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 18,297	\$ 18,297	\$ 10,634	\$ (7,663)
Intergovernmental	-	-	1,066	1,066
Charges for Services	-	-	130	130
<b>TOTAL RECEIPTS</b>	<b>18,297</b>	<b>18,297</b>	<b>11,830</b>	<b>(6,467)</b>
<b>DISBURSEMENTS</b>	<b>46,000</b>	<b>46,000</b>	<b>6,491</b>	<b>39,509</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balance	(27,703)	(27,703)	5,339	33,042
FUND BALANCE - BEGINNING	61,703	61,703	61,703	-
FUND BALANCE - ENDING	<u>\$ 34,000</u>	<u>\$ 34,000</u>	<u>\$ 67,042</u>	<u>\$ 33,042</u>

(Continued)

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

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>INSTITUTIONS FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 3,164	\$ 3,164	\$ 3,258	\$ 94
Intergovernmental	-	-	358	358
<b>TOTAL RECEIPTS</b>	<b>3,164</b>	<b>3,164</b>	<b>3,616</b>	<b>452</b>
<b>DISBURSEMENTS</b>	<b>16,000</b>	<b>16,000</b>	<b>5,133</b>	<b>10,867</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balance	(12,836)	(12,836)	(1,517)	11,319
FUND BALANCE - BEGINNING	14,836	14,836	14,836	-
FUND BALANCE - ENDING	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 13,319</u>	<u>\$ 11,319</u>
<b>VETERANS' AID FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 2,798	\$ 2,798	\$ 2,698	\$ (100)
Intergovernmental	-	-	193	193
<b>TOTAL RECEIPTS</b>	<b>2,798</b>	<b>2,798</b>	<b>2,891</b>	<b>93</b>
<b>DISBURSEMENTS</b>	<b>3,000</b>	<b>3,000</b>	<b>2,400</b>	<b>600</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balance	(202)	(202)	491	693
FUND BALANCE - BEGINNING	202	202	202	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 693</u>	<u>\$ 693</u>

(Continued)

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

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>COUNTY DRUG LAW ENFORCEMENT FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
<b>TOTAL RECEIPTS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DISBURSEMENTS</b>	<b>873</b>	<b>873</b>	<b>-</b>	<b>873</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balance	(873)	(873)	-	873
FUND BALANCE - BEGINNING	873	873	873	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 873</u>	<u>\$ 873</u>
<b>FEDERAL FORFEITURE FUND</b>				
<b>RECEIPTS</b>				
Interest	\$ -	\$ -	\$ 4	\$ 4
<b>TOTAL RECEIPTS</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>4</b>
<b>DISBURSEMENTS</b>	<b>3,512</b>	<b>3,512</b>	<b>-</b>	<b>3,512</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balance	(3,512)	(3,512)	4	3,516
FUND BALANCE - BEGINNING	3,512	3,512	3,512	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,516</u>	<u>\$ 3,516</u>

(Continued)



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

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>JUVENILE SERVICES GRANT FUND</u></b>				
<b>RECEIPTS</b>				
Intergovernmental	\$ 31,171	\$ 31,171	\$ 31,171	\$ -
<b>TOTAL RECEIPTS</b>	<u>31,171</u>	<u>31,171</u>	<u>31,171</u>	<u>-</u>
<b>DISBURSEMENTS</b>	<u>32,321</u>	<u>32,321</u>	<u>31,171</u>	<u>1,150</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(1,150)	(1,150)	-	1,150
FUND BALANCE - BEGINNING	1,150	1,150	1,150	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,150</u>	<u>\$ 1,150</u>
<b><u>NATURAL DISASTER FUND</u></b>				
<b>RECEIPTS</b>				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 11,431	\$ (88,569)
<b>TOTAL RECEIPTS</b>	<u>100,000</u>	<u>100,000</u>	<u>11,431</u>	<u>(88,569)</u>
<b>DISBURSEMENTS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(228,006)	(228,006)	-	228,006
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<u>(228,006)</u>	<u>(228,006)</u>	<u>-</u>	<u>228,006</u>
Net Change in Fund Balance	(128,006)	(128,006)	11,431	139,437
FUND BALANCE - BEGINNING	128,006	128,006	128,006	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,437</u>	<u>\$ 139,437</u>

(Continued)

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

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>NOXIOUS WEED FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
<b>TOTAL RECEIPTS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DISBURSEMENTS</b>	<u>19,190</u>	<u>19,190</u>	<u>14,875</u>	<u>4,315</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	18,239	18,239	16,633	(1,606)
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<u>18,239</u>	<u>18,239</u>	<u>16,633</u>	<u>(1,606)</u>
Net Change in Fund Balance	(951)	(951)	1,758	2,709
FUND BALANCE - BEGINNING	<u>951</u>	<u>951</u>	<u>951</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,709</u>	<u>\$ 2,709</u>

(Concluded)

**RICHARDSON COUNTY**  
**SCHEDULE OF OFFICE ACTIVITIES**  
For the Year Ended June 30, 2011

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Highway Superintendent	Veterans' Service Officer	Total
BALANCE JULY 1, 2010	\$ 8,741	\$ 10,004	\$ 21,128	\$ 339	\$ 2,269	\$ 2,226	\$ 44,707
<b>RECEIPTS</b>							
Licenses and Permits	1,230	-	495	-	-	-	1,725
Charges for Services	46,582	15,773	38,134	2,270	24,783	-	127,542
Miscellaneous	-	166	791	-	-	-	957
State Fees	50,121	13,605	233	-	822	-	64,781
Other Liabilities	-	263,086	56,566	48,867	1,271	2,401	372,191
<b>TOTAL RECEIPTS</b>	<b>97,933</b>	<b>292,630</b>	<b>96,219</b>	<b>51,137</b>	<b>26,876</b>	<b>2,401</b>	<b>567,196</b>
<b>DISBURSEMENTS</b>							
Payments to County Treasurer	49,774	15,025	36,290	2,330	19,596	-	123,015
Payments to State Treasurer	54,106	13,613	335	-	-	-	68,054
Other Liabilities	-	263,774	56,067	46,933	1,388	1,632	369,794
<b>TOTAL DISBURSEMENTS</b>	<b>103,880</b>	<b>292,412</b>	<b>92,692</b>	<b>49,263</b>	<b>20,984</b>	<b>1,632</b>	<b>560,863</b>
BALANCE JUNE 30, 2011	<u>\$ 2,794</u>	<u>\$ 10,222</u>	<u>\$ 24,655</u>	<u>\$ 2,213</u>	<u>\$ 8,161</u>	<u>\$ 2,995</u>	<u>\$ 51,040</u>
<b>BALANCE CONSISTS OF:</b>							
Due to County Treasurer	\$ 2,015	\$ 1,934	\$ 23,636	\$ 60	\$ 7,903	\$ 2,995	\$ 38,543
Petty Cash	150	290	500	-	258	-	1,198
Due to State Treasurer	629	1,155	19	-	-	-	1,803
Due to Others	-	6,843	500	2,153	-	-	9,496
BALANCE JUNE 30, 2011	<u>\$ 2,794</u>	<u>\$ 10,222</u>	<u>\$ 24,655</u>	<u>\$ 2,213</u>	<u>\$ 8,161</u>	<u>\$ 2,995</u>	<u>\$ 51,040</u>

RICHARDSON COUNTY  
**SCHEDULE OF TAXES CERTIFIED AND COLLECTED FOR**  
**ALL POLITICAL SUBDIVISIONS IN THE COUNTY**  
June 30, 2011

Item	2006	2007	2008	2009	2010
<b>Tax Certified by Assessor</b>					
Real Estate	\$ 9,421,705	\$ 9,618,319	\$ 11,011,070	\$ 11,512,313	\$ 12,624,109
Personal and Specials	549,589	624,237	645,116	751,389	786,528
<b>Total</b>	<b>9,971,294</b>	<b>10,242,556</b>	<b>11,656,186</b>	<b>12,263,702</b>	<b>13,410,637</b>
<b>Corrections</b>					
Additions	1,133	3,041	642	3,192	5,598
Deductions	(6,729)	(11,941)	(9,838)	(1,070)	(52)
Net Additions/ (Deductions)	(5,596)	(8,900)	(9,196)	2,122	5,546
<b>Corrected Certified Tax</b>	<b>9,965,698</b>	<b>10,233,656</b>	<b>11,646,990</b>	<b>12,265,824</b>	<b>13,416,183</b>
<b>Net Tax Collected by County Treasurer during Fiscal Year Ending:</b>					
June 30, 2007	5,794,540	-	-	-	-
June 30, 2008	4,144,588	5,990,381	-	-	-
June 30, 2009	15,021	4,201,390	6,929,160	-	-
June 30, 2010	3,511	17,914	4,667,369	7,462,393	-
June 30, 2011	5,569	13,683	28,779	4,765,310	8,240,205
<b>Total Net Collections</b>	<b>9,963,229</b>	<b>10,223,368</b>	<b>11,625,308</b>	<b>12,227,703</b>	<b>8,240,205</b>
<b>Total Uncollected Tax</b>	<b>\$ 2,469</b>	<b>\$ 10,288</b>	<b>\$ 21,682</b>	<b>\$ 38,121</b>	<b>\$ 5,175,978</b>
<b>Percentage Uncollected Tax</b>	<b>0.02%</b>	<b>0.10%</b>	<b>0.19%</b>	<b>0.31%</b>	<b>38.58%</b>



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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RICHARDSON 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  
Richardson County, Nebraska

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Richardson County as of and for the year ended June 30, 2011, and have issued our report thereon dated December 7, 2011. The report notes the financial statements were prepared on the basis of cash receipts and disbursements. 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 Richardson County's internal control over financial reporting (internal control) 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 Richardson County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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

- 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.
- The County Treasurer did not have procedures in place to ensure the complete and accurate daily balancing of office assets to the liabilities recorded on the TerraScan system; TerraScan is the third-party vendor providing taxation and accounting software for the County Treasurer's office. As of June 30, 2011, the office assets exceeded the liabilities recorded on TerraScan by \$1,551,184. Discrepancy was caused by the following:
  - Bond proceeds of \$1,977,000 received by the County on June 2, 2011, had not been receipted to the system.
  - Property tax credit and homestead receipts of \$831,390 were recorded twice.
  - Property tax credit amount distributed exceeded amount received by \$18,746.
  - \$424,320 in April 2011 property tax receipts were not posted to the system.
- The County Treasurer did not have procedures in place to ensure complete and accurate recording of all monies received in a timely manner. We noted various instances where monies received were not receipted timely, for example:
  - \$1,135,686 in payments from the State of Nebraska had not been receipted within 30 days with \$392,999 not receipted as of June 30, 2011, and \$12,964 of that amount still not receipted by the time of our August 2011 audit fieldwork.
  - \$9,222 in Certificate of Deposit interest had not been posted to the County's financial records since prior to January 2010.
  - \$13,092 in Omaha Public Power District In-Lieu of Taxes received in April 2011 had not been receipted and distributed until July 2011.

#### Compliance and Other Matters

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

We also noted certain matters that we reported to management of Richardson County in a separate letter dated December 7, 2011.

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

December 7, 2011

Deann Haeffner, CPA  
Assistant Deputy Auditor

**MANAGEMENT LETTER  
OF  
RICHARDSON COUNTY**

**JULY 1, 2010 THROUGH JUNE 30, 2011**

**This document is an official public record of the State of Nebraska, issued by  
the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original  
document and may be prohibited by law.**

**Issued on December 9, 2011**





## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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December 7, 2011

Board of Commissioners  
Richardson County, Nebraska

Dear Commissioners:

We have audited the basic financial statements of Richardson County (County) for the fiscal year ended June 30, 2011, and have issued our report thereon dated December 7, 2011. 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**

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#### **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.

Additionally, we noted the County Assessor's office had the ability to make changes to the tax valuations in the County Treasurer's System without the County Treasurer being aware of such changes as the County Treasurer was not performing a reconciliation of taxes levied, tax corrections and collections, and unpaid taxes. This was also noted in prior audits.

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, including the timely performance of tax reconciliations by the County Treasurer.

*County Board's Response: We are aware of this concern and understand that it is at times impossible for proper segregation of duties due to limited staff. It is correct to say that funds are also limited to hire more staffing to separate these duties.*

*The County Assessor will be contacted and instructed to ensure that the County Treasurer is made aware of all changes to the tax system by the County Assessor.*

### **Backup Tapes**

During review of Richardson County's information technology procedures, the following was noted:

- During audit fieldwork, the County Treasurer experienced a loss of critical General Ledger data of an unknown origination. While the County Treasurer had been performing daily and monthly backups of its TerraScan accounting system none of the County Treasurer's backup tapes were recoverable and the software vendor eventually had to resort to using an archived system backup to recover the County's critical financial data.
- The County Clerk stores backup server tapes next to a computer terminal in the County Clerk's office.

A sound data recovery plan includes procedures related to the timely testing and secure storage of backup tapes to ensure the County's ability to restore data in the event of any type of short or long-term system disruption. Such a plan should apply to all equipment and data used by an entity.

When backup tapes are not securely stored and routinely tested, the County is at an increased risk of data loss which could not be recovered in the event of an equipment failure, intentional destruction of data, or disaster.

We strongly recommend the County develop a master application test plan so that all critical computer backups are tested on a routine, ongoing basis. We further recommend that all backup tapes be stored in a fireproof safe and, if possible, in an alternate location.

*County Board's Response: Arrangements will be made to rent safe deposit boxes at the local bank(s) to store back-up data for all County Departments.*

## **Unclaimed Property**

Neb. Rev. Stat. § 69-1307.01 (Reissue 2009) states that personal property held by public entities or political subdivisions which remain unclaimed for more than three years is presumed abandoned. Additionally, Neb. Rev. Stat. § 69-1310 (Reissue 2009) requires such items be reported to the Nebraska State Treasurer before November 1<sup>st</sup> of each year as of June 30 next preceding.

During our audit, we noted the following:

- The County Board Vendor Imprest bank account included three checks, totaling \$79, which, as of June 30, 2011, had been outstanding in excess of four years.
- The County Treasurer bank account included two checks, totaling \$79, which, as of June 30, 2011, had been outstanding in excess of five years and five checks, totaling \$440, which, as of June 30, 2011, had been outstanding in excess of four years.

We recommend all personal property unclaimed for more than three years be remitted to the Nebraska State Treasurer in accordance with the Unclaimed Property Act.

*County Board's Response: The records of the County Clerk include information that was received from the State Treasurer's Office and distributed to County Clerks at a training session/workshop on unclaimed property which indicated that unclaimed property needed to be remitted to the NE State Treasurer if not claimed within five years. The procedures have been corrected and funds will be remitted to the State Treasurer after three years.*

*The County Board Vendor Imprest Account submitted \$293.32 to the Nebraska State Treasurer Unclaimed Property Division on October 26, 2010 and \$55.00 on October 25, 2011.*

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## **COUNTY TREASURER**

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### **Balancing Procedures**

The County Treasurer did not have procedures in place to ensure the complete and accurate daily balancing of office assets to the liabilities recorded on the TerraScan system; TerraScan is the third-party vendor providing taxation and accounting software for the County Treasurer's office. As of June 30, 2011, the office assets exceeded the liabilities recorded on TerraScan by \$1,551,184. The Auditor of Public Accounts (APA) performed balancing procedures and identified the following issues causing the aforementioned variance:

- Bond proceeds of \$1,977,000 received by the County on June 2, 2011, had not been receipted into the system. This amount was not receipted into the system until August 3, 2011.
- Property tax credit and homestead receipts of \$831,390 were recorded twice.
- Property tax credit amount distributed exceeded the amount received by \$18,746. (See comment regarding 2010 Property Tax Credit for further information.)

- Property taxes received in April 2011 were not correctly distributed. \$424,320 was not posted to the general ledger.
- \$76 in property tax receipts were posted to the drainage district, but should have posted to the general fund.
- \$2 in motor vehicle tax was posted to the general fund, but should have posted to a municipality fund.

Sound accounting practices and good internal control require all office assets be reconciled to liabilities on a daily basis to ensure complete and accurate accountability. Without complete and accurate daily balancing procedures, there is an increased risk of loss, theft, or misuse of funds as well as undetected intentional and/or unintentional accounting errors.

We strongly recommend the County Treasurer immediately implement daily balancing procedures which completely and accurately reconcile office assets with liabilities.

### **Receipting Procedures**

The County Treasurer did not have procedures in place to ensure complete and accurate recording of all monies received in a timely manner. During the audit, the following was noted:

- \$1,135,686 in payments from the State of Nebraska were not receipted in a timely manner with \$392,999 not receipted as of June 30, 2011, and \$12,964 of that amount still not receipted by the time of our August 2011 audit fieldwork.
- \$9,222 in Certificate of Deposit interest had not been posted to the County's financial records since prior to January 2010.
- Interest earned in March 2011 and May 2011 was not receipted timely:
  - \$19 in March interest and \$8 in May interest was not receipted until July 31, 2011.
  - \$786 in May interest was not receipted until July 18, 2011.
  - \$710 in May interest was not receipted as of our August 2011 audit fieldwork.
- \$283 received in April 2011 from the United State's Marshals Service was not receipted until August 2011.
- Omaha Public Power District In-Lieu of Taxes of \$13,092 received in April 2011 was not receipted and distributed until July 2011.
- Postage and miscellaneous photocopy fees collected over the counter are not timely receipted, the County Treasurer typically receipts three months of receipts at once. Postage and miscellaneous photocopy fees on hand during a surprise cash count on August 24, 2011, totaled \$353.

Sound accounting practices and good internal control requires complete, accurate, and timely receipt of all monies received. When all monies received are not receipted in a complete, accurate, and timely manner there is an increased risk of loss or misuse of funds. In addition, failure to completely and accurately record all monies received also results in the County Treasurer's balance sheets and semi-annual statements to be materially misstated and unreliable for County and taxpayer fiscal management decisions.

We strongly recommend the County Treasurer immediately implement procedures to ensure all monies are completely and accurately received in a timely manner.

### **End of Month Closing**

The TerraScan monthly accounting periods were last “closed” on March 31, 2011; TerraScan is the third-party vendor providing assessment, taxation, and accounting software for the County Assessor and Treasurer’s offices. The County Treasurer has consciously elected not to close any subsequent months due to her inability to balance the office’s financial activity. It should be noted, however, that the “closing” of an accounting period in TerraScan only prohibits the unposting of transactions and does not prohibit entry of any new transactions into a “closed” period through the back-dating of transactions.

Each fiscal year is divided into twelve monthly accounting periods with each period going from the first day of the month to the last day of that month. Typical entities cannot close an accounting period at the end of business on the last day of a period due to month-end accounting that must still take place in the beginning days of the subsequent period. However, accounting periods must be closed within a reasonable number of days to provide assurance that period-end accounting balances provide complete, accurate, and timely information. Furthermore, once an accounting period is closed, it should not be reopened.

Sound accounting and good internal control procedures require accounting periods be closed to any changes shortly after the end of an accounting period in order to provide assurance that period-end accounting balances provide complete, accurate, and timely information.

Failure to completely close accounting periods to any changes, including adding of new transactions, voiding/unposting of posted transactions, etc. in a timely manner each month increases the risk that future financial transactions could be recorded in an incorrect accounting period or voided erroneously and result in a distortion of an entity’s accounting information.

We recommend accounting periods be closed to any changes, including the addition of new transactions or voiding/unposting of existing transactions, shortly after the end of each accounting period in order to provide Richardson County with complete, accurate, and reliable financial information.

### **Incorrect Tax Increment Financing Distributions**

Tax Increment Financing (TIF) excess value tax receipts were not being distributed properly. \$4,725 in TIF taxes had been receipted to Tax District 5 (Falls City) instead of properly receipted for credit to the Falls City Community Redevelopment Authority (CRA).

Title 350 NAC 18-003.03C(2) regarding Community Redevelopment Law Regulations states, in part, “...The resulting real property tax calculated for the redevelopment project excess valuation shall be distributed by the county treasurer to the local governing body charged with the responsibility of paying the indebtedness of the project....”

When TIF excess value tax receipts are not properly credited to the appropriate CRA not only is the County not in compliance with governing Nebraska Administrative Code but the County also exposes itself to an increased risk of litigation from the CRA.

We recommend the County Treasurer implement procedures to ensure all TIF receipts are completely and accurately receipted for distribution to the appropriate TIF CRA. In addition, the County Treasurer must immediately take corrective action to properly adjust all excess value tax receipts which it has already received and incorrectly distributed to non-CRA entities.

### **Property Tax Credit & Homestead Tax Commissions**

Testing of the Property Tax Credit and Homestead Tax distributions noted inconsistent commission percentages on the County's financial reports due to inaccurate calculation and coding of such commissions between the Property Tax Credit and Homestead Revenues. The following was noted:

- All eight homestead receipts tested had no commissions posted to the Homestead Commission revenue source code; instead all eight commissions had been posted to the Property Tax Credit revenue source code.
- A County Treasurer's 1% tax commission was not taken on the State assessed portion of receipts for the first Property Tax Credit distribution.

Sound accounting practices and good internal control require the complete, accurate, and consistent recording of all County financial activity, including all statutorily determined commission percentages to which the County is entitled. When tax commissions are not completely and accurately coded, the County's financial reports do not accurately reflect revenue and expense activity and determination of the County's compliance with commission percentages becomes complex and difficult.

We recommend the County Treasurer implement procedures to ensure that all activity, including commissions, is completely and accurately coded within the County's accounting system.

### **Motor Vehicle Tax Distributions**

Testing of motor vehicle tax distributions noted the County Treasurer continued to record motor vehicle tax collections into Fund #6107, SD RN 1 General, which relates to a school district which dissolved in 2008. At the end of each month funds collected into #6107 are paid to School District 70.

Sound accounting practices and good internal control require the timely close-out of all defunct funds in order to minimize the risk of accounting and/or distribution errors or oversight. Whenever defunct funds are left open the County Treasurer must actively review all financial activity posted to those funds as the County is at an increased risk of funds being inadvertently

overlooked for distribution. While funds which levied a tax must be left open for a number of years related to the collection of back taxes, only those back-year property tax funds should flow through those defunct funds and any non-property tax collections, such as motor vehicle taxes, should be directed to the appropriate new fund(s) rather than continuing to flow through defunct fund(s).

We recommend the County Treasurer discontinue distributing motor vehicle tax collections to Fund #6107, SD RN 1 General.

### **Nameplate Capacity Distribution**

On April 7, 2011, the County received \$34,119 in nameplate capacity tax. Subsequent to the County's June 30, 2011, fiscal year end, the County Treasurer posted the payment entirely to the County's General Fund rather than appropriately distributing the tax collection to all of the local taxing entities.

Neb. Rev. Stat. § 77-6204 (Reissue 2009), states, in part, "...the county treasurer shall distribute all revenue received from the Department of Revenue pursuant to section 77-6203 to local taxing entities which, but for such personal property tax exemption, would have received distribution of personal property tax revenue from depreciable personal property used directly in the generation of electricity using wind as the fuel source...."

When nameplate capacity tax collections are not timely posted and appropriately distributed, there is an increased risk of loss, theft, or misuse of funds as well as increased risk of liability related to litigation brought against the County by other local taxing entities.

We recommend the County Treasurer implement procedures to ensure the future receipt of nameplate capacity tax is distributed correctly.

### **Trust Accountability**

At June 30, 2011, \$66,113 in trust balances were not current/active:

- \$815 in partial payments;
- \$227 in estray funds;
- \$6,499 in holding funds; and
- \$58,572 in tax sale redemptions, of which \$4,847 could not be identified to a tax sale certificate.

Sound accounting practices and good internal control require trust balances be reviewed on an on-going, timely basis to ensure all accounts are properly accounted for and current/active. When trust balances are not continually reviewed and accounted for there is an increased risk of loss, theft, or misuse.

We recommend all trust balances be reviewed on an on-going, timely basis to ensure the balances are kept current/active and are adequately detailed.

### **Publication of Semi-Annual Statement**

Neb. Rev. Stat. § 23-1605 (Reissue 2007) requires the county treasurer of each county to publish in a legal newspaper each July and January, a semi-annual statement of receipt and disbursement activity of the office in the last preceding six months.

A semi-annual statement of office activity was not published by the County Treasurer in July 2011 due to the County Treasurer's daily balance sheet assets not having been reconciled to its TerraScan system recorded liabilities. The County Treasurer did not want to publish inaccurate information so she consciously elected not to publish any semi-annual statement and, as of our August 2011 audit fieldwork, a semi-annual statement had not yet been published due to the office's records continuing to not be balanced.

When semi-annual statements are not published the County Treasurer is not in compliance with State statute and taxpayers are not provided complete and accurate information regarding the status of County finances.

We strongly recommend procedures be implemented to ensure all required semi-annual statements are published each January and July as required by State statute. Publication of a revised semi-annual may be necessary in the event accurate financial activity cannot be initially published for any reason, including failure of the County Treasurer to completely and accurately balance office assets and liabilities.

### **Documentation on File**

The County Treasurer could not locate documentation of the County's remittance of Nebraska Department of Revenue Sales and Use Tax for May or June 2011 in a timely manner for audit testing purposes. Several days subsequent to this documentation being requested, the County Treasurer was able to locate the previously requested forms on her desktop.

Good internal control and sound accounting procedures require adequate supporting documentation, including copies of all applicable sales tax forms, be retained for subsequent inspection and audit. Without an organized method for maintaining all supporting documentation related to office financial activity, there is an increased risk of loss, theft, or misuse of funds.

We strongly recommend the County Treasurer's office implement an organized filing system for retention of all documents related to the financial activity of the office so that those documents are promptly available for inspection and audit.



## **Report on Delinquent Property**

Neb. Rev. Stat. § 77-1918 (Reissue 2009) states that on or before October 1 of each year, the county treasurer shall make a report in writing to the county board setting out a complete list of all real property in the county on which any taxes are delinquent and which was not sold for want of bidders at the last annual tax sale held in such county. It shall be the duty of the county board, at its first meeting held after the making of such report, to carefully examine the same, and while it may direct the issuance of tax sale certificates to the county upon any real property upon which there are any delinquent taxes, it shall, as to all real property upon which taxes are delinquent for three or more years, either enter an order directing the foreclosure of the lien of such taxes or enter an order for the county treasurer to issue tax sale certificates to the county covering the delinquent taxes upon such real property, to be foreclosed upon in the manner and at the time provided.

The following was noted:

- The County Treasurer's list of delinquent real estate taxes was not submitted on or before October 1, 2010, to the County Board.

When all Statutorily required reports and/or actions are not filed with the County Board, the County is in noncompliance with relevant State statutes and the public is not made aware of delinquent property taxes.

We recommend the County Treasurer implement procedures to ensure all statutorily required reports and/or actions be adequately filed and documented in the Board minutes.

## **COUNTY ASSESSOR**

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### **2010 Property Tax Credit**

- The County Assessor, in error, certified the 2010 Property Tax Credit at \$82.22 per \$100,000 of valuation despite the 2010 Property Tax Credit having been set by the Nebraska Department of Revenue at \$78.81 per \$100,000 of valuation.
- Tax corrections were not performed to amend Richardson County taxpayers 2010 tax statements.
- The County Board, at its March 15, 2011, Board meeting, discussed the property tax credit error and its intention that each political subdivision be notified of the approximate loss each would realize as a result of the County Assessor's error. However, the County Treasurer distributed, based upon the incorrectly certified tax credit rate, \$597,406 of base tax credit, despite having received a net base tax credit of \$573,457 from the State of Nebraska. This action resulted in an over-distribution of \$23,949 to political subdivisions; the County's Property Tax Credit account was negative \$18,746 at June 30, 2011, and negative \$23,949 subsequent to the return of \$5,203 in excess tax credit funds to the State on July 31, 2011.

Neb. Rev. Stat. § 77-4212 (Reissue 2009) requires the State of Nebraska Property Tax Administrator to set, by September 15<sup>th</sup>, the amount to be disbursed to each county and certify that amount to the State Treasurer and to each county. This property tax relief is to appear in the form of a property tax credit on each property tax statement. The County Treasurer, after retaining 1% for costs, was to distribute the remaining receipts to each taxing unit levying taxes on taxable property in the tax district in the same proportion that the levy bears to the total levy on taxable property in the district. Neb. Rev. Stat. § 77-4212 (Reissue 2009) also requires the amount of the credit which cannot be used by the taxpayer shall be returned to the State Treasurer by July 1 of the year the amount disbursed to the County was disbursed.

As a result of the County Assessor's error, Richardson County taxpayers received tax statements which reflected tax credits in excess of the amount set by the State of Nebraska Property Tax Administrator. This error, and its subsequent further distribution by the County Treasurer, resulted in a loss of \$23,949 to Richardson County.

We recommend strong procedures be implemented to ensure the amount of all property tax credit is completely and accurately certified and distributed and any unused credit be promptly returned to the State Treasurer by July 1.

### **Inventory Procedures**

Neb. Rev. Stat. § 23-347 (Reissue 2007) states, "within two calendar months after the close of each fiscal year, each county officer shall make, acknowledge under oath, and file with the county board of his or her county an inventory statement of all county personal property in the custody and possession of said county officer."

During our audit we noted the County Assessor had not filed a 2011 inventory statement by August 31<sup>st</sup>. When inventory statements are not complete, accurate, and timely filed there is an increased risk of loss, theft, or misuse of County-owned assets.

We recommend all county officers file a complete and accurate inventory statement within two calendar months after the close of each fiscal year.

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## **COUNTY BOARD**

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### **Supplemental Retirement**

During our audit it was noted that 3 of 12 law enforcement employees contributed an additional 1% towards the supplemental retirement plan for 6 months during the fiscal year, but they did not have a valid law enforcement officer certificate or diploma during those months. The employees and the County incorrectly contributed a total of \$195 each to the supplemental retirement plan during fiscal year 2011.

Neb. Rev. Stat. § 23-2332.01 (Reissue 2007) states, in part, that counties “shall establish and fund a supplemental retirement plan for the benefit of all present and future commissioned law enforcement personnel employed by such county who possess a valid law enforcement officer certificate or diploma, as established by the Nebraska Police Standards Advisory Council.”

When employees without valid law enforcement officer certificates or diplomas are allowed to contribute toward the supplemental retirement plan, both the employee and the County participation is not compliant with State statute.

We recommend procedures be implemented to ensure that individuals contributing to the supplemental retirement plan are certified law enforcement officers. We further recommend the County work with the Nebraska Public Employees Retirement System to determine the appropriate employee and employer refunds for the amounts incorrectly contributed.

*County Board’s Response: An e-mail was received from the Nebraska Public Employees Retirement System on August 16, 2010, regarding law enforcement contribution rates. This message was sent to NPERS-County Contacts, each County Clerk within the State of Nebraska. The message detailed the correct procedures with regards to the law enforcement officers and that those employees who had not received their certificate from the law enforcement training academy should not contribute the additional percentage until after receipt of the certificate.*

*The correct retirement percentage rates were adjusted for those employees.*

*Prior notification from the Nebraska Public Employees Retirement System of this additional contribution rate was evidently not clearly presented to Counties.*

### **Claim Documentation**

During testing of Board-approved claims, we noted the following:

- One \$568 claim for reimbursement to the County Attorney’s office for secretarial and legal-research services was paid without any documentation attached to the claim.
- 12 purchases with credit cards, totaling \$269, did not have supporting documentation attached. Also part of the credit card claim was \$72 paid without itemized receipts.
- One \$25 claim for April 2010 CPR training was not filed until August 2010.
- Two claims for contractual services, one for \$2,392 in appraisal services and another for \$4,247 in public defender services, were paid without current contracts in place.

Sound accounting practices and good internal control require procedures be in place to ensure all claims are complete, accurate, adequately supported, and filed for approval in a timely manner. When adequate documentation is not obtained prior to disbursement of funds, invoices are not filed timely, or disbursements are made on contracts which are not kept current, there is an increased risk of loss, theft, or misuse of County funds.

We recommend the County Board implement procedures to ensure adequate supporting documentation is obtained prior to the approval of claims and that claims are filed in a reasonable amount of time. We also recommend the County Board ensure contracted employees are paid based on current contracts.

*County Board's Response: The County Board will inform each County Official/Department that claims must have supporting documentation attached which will include detailed receipts for reimbursement of expenses before submitting to the County Clerk's Office and approval by the Board. If adequate documentation is not included then the claims will be denied.*

*Contracts for appraisal services and public defender services have been and are in the process of being renewed. A contract for appraisal services was entered into on April 1, 2011 through June 30, 2011 for the contracted maximum amount of \$13,000.00 and for July 1, 2011 through June 30, 2012 for the contracted maximum amount of \$36,000. The County Board extended the contract for public defender services through November 30, 2011, and will consider a new contract beginning December 1, 2011, after proposals have been received, reviewed and awarded.*

### **Law Enforcement Contract**

During the fiscal year ended June 30, 2011, the County collected from the City of Humboldt \$4,437 monthly from September 2010 to February 2011, however, the contracted monthly amount was \$4,583; a difference of \$146 per month which translated into a total underpayment of \$876.

Per the governing Interlocal Agreement for Law Enforcement Services between Richardson County and the City of Humboldt dated March 1, 2011, the contracted rate was \$4,583 per month, beginning September 1, 2010. Sound business practices and good internal control require the County to have adequate procedures in place to ensure the complete and accurate collection of all contracted service fees. When contractual services are not completely and accurately collected, there is an increased risk of loss of revenue to the County.

We recommend the County implement procedures to ensure the complete and accurate collection of all contracted service fees. Furthermore, we recommend the County pursue collection of the City of Humboldt's \$876 underpayment as noted above.

*County Board's Response: The County entered into an Interlocal Agreement for Law Enforcement Services between Richardson County and the City of Humboldt on March 1, 2011. The agreement was retroactive to September 1, 2010, the first day after the termination date of the previous contract. An agreement was being negotiated between the County and the City of Humboldt between September 1, 2010 and March 1, 2011.*

*A letter was sent to the City of Humboldt on September 14, 2011 requesting that the amount of difference in the retroactive payment to September, 2010 be remitted to the County in the amount totaling \$4,720.83. Payment was received from the City of Humboldt on October 17, 2011 and the Sheriff has been instructed to ascertain that the accurate contract amounts are paid each month.*

*Contract payment receipts issued by the County Treasurer for payments received from the City of Humboldt for the Law Enforcement Agreement are given to the County Sheriff's Office each month.*

### **Inventory Policy and Procedures**

Neb. Rev. Stat. § 23-347 (Reissue 2007) states, "within two calendar months after the close of each fiscal year, each county officer shall make, acknowledge under oath, and file with the county board of his or her county an inventory statement of all county personal property in the custody and possession of said county officer." In addition, sound accounting procedures require establishment of standardized policies to ensure all offices/departments with an entity have uniform guidance to follow when preparing the required annual inventory filings.

During our audit we noted:

- The County Board had not established a policy for all officers to follow when preparing annual inventory filings.
- Eleven ambulances, which the County holds title to, are not included on any inventory filing.
- The Highway Department had not filed a 2011 inventory statement by August 31, 2011.

When inventory statements are not complete, accurate, and timely filed there is an increased risk of loss, theft, or misuse of County-owned assets. Furthermore, a lack of standardized inventory procedures increases the risk of inaccurate asset accountability.

We recommend all County officers file a complete and accurate inventory statement within two calendar months after the close of each fiscal year. We further recommend the County Board establish a uniform inventory policy to provide standardized guidance to all County officials completing inventory filings.

*County Board's Response: The County holds title to 11 ambulances and while they were not included on a separate inventory report from an ambulance squad for 2011, certificates of titles are held and vehicles are included within the inventory listing for insurance purposes. A statement has been made to be added as an addendum to the County Board's Inventory Report for 2011.*

*The Richardson County Highway Department filed the 2011 inventory report on September 9, 2011.*

*A policy will be drafted and considered for the completion of inventory reports for each department.*

### **Visitor's Improvement Fund**

When the Visitor's Improvement Fund was created in July 2011, \$4,900 in excess was transferred to the newly created fund from the Visitor's Promotion Fund due to the use of incorrect revenue figures.

Sound accounting practices require fund balances to completely and accurately reflect related revenue and expense activity. When fund balances are not complete and accurate County management, as well as taxpayers, cannot rely on the County's financial information when making fiscal decisions.

We recommend \$4,900 be transferred from the Visitor's Improvement Fund back to the Visitor's Promotion Fund.

*County Board's Response: With the creation of the Visitor's Improvement Fund, an error in calculation was made in the transfer of funds from the County Visitor's Promotion Fund to the Improvement Fund in the amount of \$4,900.00. The error has been corrected with a transfer of funds and a documented statement on the claim detailing the amount of transfer.*

### **Publishing of Board Minutes**

Neb. Rev. Stat. § 23-122 (Reissue 2007) requires the County Board to publish a brief statement of all meeting proceedings within ten working days after the close of such meetings.

During our audit, we noted 6 of the 8 regular County Board meetings tested were not published within ten working days after the close of the meetings.

When proceedings are not published in a timely manner not only is the County not compliant with relevant State statutes, but the general public is not made aware of relevant Board discussions and/or actions in a timely manner.

We recommend the County Board implement procedures to ensure all proceedings are published within ten working days of the close of its meetings.

*County Board's Response: The Falls City Journal publishes once a week and at different times it is not possible to achieve this requirement. Every effort is made to accomplish this requirement. The County Board Minutes are also posted on the Richardson County website.*

## **COUNTY SHERIFF**

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### **Accounting Procedures**

During our audit we noted the following issues with the County Sheriff's accounting procedures:

- At June 30, 2011, office records indicated assets were \$951 long when compared to office liabilities.
- Complete and accurate bank reconciliations were not performed on a monthly basis.
- The County Sheriff remitted collections to the County Treasurer, not earnings as required by State statute.
- Remittances to the County Treasurer were not timely. Fees were remitted anywhere from 22 to 126 days after the date required by State statute.

- Fee claims submitted to the County were not timely. We noted claims as having been submitted three to five months after service performance.
- \$111 in bank deposits did not reconcile to receipts, indicating these receipts had not been recorded on the office's fee sheets.
- Pre-numbered receipts were not used to account for all money received.
- Several errors were noted on the office's fee sheets including:
  - \$123.50 in fines/costs was receipted in February; however, \$124 was paid out to the Court system.
  - Disbursement of January 2011 sales tax was not documented.
  - \$1,000 bond was receipted and subsequently taken into evidence by the State Patrol with disbursement of the money not noted in the office's fee sheets.
  - \$500 execution disbursement was incorrectly noted as being a bond disbursement.
- Financial records were not maintained on a current, on-going basis with June 30, 2011, records not complete at the start of audit fieldwork in August 2011.

Neb. Rev. Stat. § 33-117 (Cum. Supp. 2010) requires the County Sheriff to submit a report of all fees earned and collected to the County Board on the first Tuesday in January, April, July, and October and to pay all fees earned to the County Treasurer. In addition, good internal control requires procedures be in place to ensure assets (cash on hand, reconciled bank statement, and accounts receivable) agree with office liabilities (fees, trust accounts, and accounts payable); bank reconciliations are performed timely and accurately; trust balances are detailed; all monies received are recorded on pre-numbered receipts; all financial records are complete and accurate; and claims are timely.

When collections, not earnings, are remitted to the County Treasurer, the County Sheriff's office is not compliant with State statute. Additionally, without procedures in place to ensure financial records are complete, accurate, and timely maintained, there is an increased risk of loss, theft, or misuse of funds.

We recommend the County Sheriff remit earnings, rather than collections, to the County Treasurer in accordance with State statutes. We also recommend the County Sheriff implement numerous financial procedures including complete and accurate recording of all financial activity as well as timely, documented monthly balancing procedures, including bank reconciliations and analysis of bank activity.

### **Distress Warrants**

During testing of County distress warrants we noted the County Sheriff was not remitting all collected distress warrants to the County Treasurer in a timely manner with distress warrant collections noted as having been remitted from 9 to 65 days after receipt.

Good internal control and sound accounting practices require prompt remittance of all monies collected. When collections on distress warrants are not timely remitted to the County Treasurer, the taxpayer's property records remain delinquent in the County Treasurer's office records until remittance. In addition, unremitted distress warrant collections increase the risk of loss, theft, or misuse of such monies.

We recommend the County Sheriff implement procedures to ensure all distress warrant collections are promptly remitted to the County Treasurer without exception.

### **Cash Accountability**

During a surprise cash count performed on August 25, 2011, the following was noted:

- 6 of 11 checks on hand, totaling \$75, were not restrictively endorsed.
- The petty cash fund, which is to be maintained at \$500, was \$11 long.

Good internal control requires all checks be restrictively endorsed immediately upon receipt and all petty cash funds be maintained at their authorized amounts. When checks are not restrictively endorsed immediately upon receipt and all petty cash funds are not maintained at their authorized amounts, there is an increased risk of loss, theft, or misuse of funds.

We recommend all checks be restrictively endorsed immediately upon receipt and all petty cash funds be maintained at their authorized amount.

### **Jail Lobby Vending Machine**

The County Sheriff has contracted with a private vendor to maintain a vending machine in the jail lobby; however, no commissions and/or fees were received from the vendor to compensate the County for, at a minimum, the expenses of operating the machine on County property, with County resources. It should be noted that the County does receive commissions and/or fees for other vending machines located throughout the County Courthouse.

Sound accounting practices and good internal control encourage governmental entities which permit for-profit entities to operate on their property, collect commissions and/or fees to compensate the governmental entity for, at a minimum, the costs associated with providing their property.

We recommend the County Board negotiate commissions and/or fees for all vending machines operated within County-owned facilities.

*County Sheriff's Response: I will work to implement the recommended actions pertaining to the Sheriff's Office.*

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## **COUNTY CLERK**

### **Plat Book Fees**

The County Clerk charged a \$12 fee related to the sale of plat books; however, this fee was not approved by the County Board. A total of \$1,655 in plat map revenue was received by the County Clerk during the fiscal year ended June 30, 2011.



Neb. Rev. Stat. § 23-106 (Reissue 2007) assigns to the County Board the responsibility for managing the County funds and County business. In addition, good internal control and sound accounting practice requires a fee be set by the County Board.

When the County Board is not approving fees charged, the County is in noncompliance with State statute and there is an increased risk the County Board will be confronted with rate/fee issues to which they have not been properly consulted on.

We recommend the County Board approve any fees collected that are not established by State statute.

*County Clerk's Response: It has been a tradition and a historical fact that a plat book of Richardson County, published by a private firm, is available within the Office of the Richardson County Clerk for a fee that covers: 1) the actual cost of the book purchased by the County 2) a small administrative fee to maintain the inventory and 3) the actual amount of sales tax due on the purchase. The County Board will be presented a resolution to establish the fee of the plat books and also other fees collected by County Offices for copies, faxes and other items not specifically set forth within the Nebraska State Statutes.*

## **EXTENSION OFFICE**

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### **Accounting Procedures**

The County Extension office maintained two bank accounts, one representing County activity, and the other representing University of Nebraska (University) related activity. During the fiscal year ended June 30, 2011, County activity funds were noted in the University program bank account.

The University directed the County Extension Office in June 2011 to remit all funds in its program bank account to the University. The County Extension office's compliance with the University's request resulted in the remittance of \$1,592 in County related funds to the University. This \$1,592 consisted primarily of stamp sales, printing reimbursements, and mileage reimbursements; the related costs of which the County had incurred.

Neb. Rev. Stat. § 23-1601 (Reissue 2007) states, in part, "... it is the duty of the county treasurer to receive all money belonging to the county, from whatsoever source derived and by any method of payment provided...." Neb. Rev. Stat. § 23-109 (Reissue 2007) states, in part, "...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...." In addition, sound accounting practices require procedures be in place to ensure all monies to which the County is entitled are appropriately deposited to the credit of the County government.

When all monies to which the County is entitled are not appropriate remitted to the County Treasurer, there is an increased risk of loss, theft, or misuse of County funds and assets.

We recommend all monies to which the County is entitled be promptly remitted to the County Treasurer. Furthermore, we recommend the County request the return of all monies incorrectly remitted to the University.

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.

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