

**AUDIT REPORT  
OF  
RICHARDSON COUNTY**

**JULY 1, 2012 THROUGH JUNE 30, 2013**

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**Issued on September 4, 2013**

RICHARDSON COUNTY

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RICHARDSON COUNTY

**LIST OF COUNTY OFFICIALS**

At June 30, 2013

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Myron Davidson	Board of Commissioners	Jan. 2015
David Sickel		Jan. 2017
James Standerford		Jan. 2017
Pamela Vice	Assessor	Jan. 2015
Doug Merz	Interim Attorney	Jan. 2015
Mary Eickhoff	Clerk Election Commissioner Register of Deeds	Jan. 2015
Pamela Scott	Clerk of the District Court	Jan. 2015
Randy Houser	Sheriff	Jan. 2015
Austin Duerfeldt	Treasurer	Jan. 2015
Ralph Huettner	Veterans' Service Officer	Appointed
Scott Huppert	Highway Superintendent	Appointed
James Gerweck	Emergency Manager	Appointed



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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RICHARDSON COUNTY

## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Richardson County, Nebraska

### **Report on the Financial Statements**

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Richardson County, as of and for the year ended June 30, 2013, which collectively comprise the County's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and aggregate remaining fund information of Richardson County as of June 30, 2013; the respective changes in cash-basis financial position; and, when applicable, cash flows thereof for the year then ended in conformity with the basis of accounting described in Note 1.

### **Report on Supplementary and Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2013, 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 considering Richardson County's internal control over financial reporting and compliance.

**Basis of Accounting**

We draw attention to Note 1 of the financial statements that describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

SIGNED ORIGINAL ON FILE

August 27, 2013

Deann Haeffner, CPA  
Assistant Deputy Auditor

RICHARDSON COUNTY  
**STATEMENT OF NET ASSETS - CASH BASIS**

June 30, 2013

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Cash Equivalents (Note 1.D)	\$ 2,871,360
Investments (Note 1.D)	436,382
<b>TOTAL ASSETS</b>	<u><u>\$ 3,307,742</u></u>
<b>NET ASSETS</b>	
Restricted for:	
Visitor Promotion	\$ 85,311
Drug Education	609
Law Enforcement	277
Debt Service	159,877
Preservation of Records	3,076
Unrestricted	3,058,592
<b>TOTAL NET ASSETS</b>	<u><u>\$ 3,307,742</u></u>

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, 2013

<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	\$ (2,441,827)	\$ 306,656	\$ 125,940	\$ (2,009,231)
Public Safety	(1,148,118)	120,567	507,606	(519,945)
Public Works	(3,324,983)	4,000	1,150,589	(2,170,394)
Health and Sanitation	(41,495)	-	-	(41,495)
Public Assistance	(78,036)	-	34,723	(43,313)
Culture and Recreation	(22,084)	-	-	(22,084)
Debt Payments	(147,497)	-	-	(147,497)
Capital Outlay	(650,000)	-	-	(650,000)
<b>Total Governmental Activities</b>	<b><u>\$ (7,854,040)</u></b>	<b><u>\$ 431,223</u></b>	<b><u>\$ 1,818,858</u></b>	<b><u>(5,603,959)</u></b>

General Receipts:

Property Taxes	5,093,428
Grants and Contributions Not Restricted to Specific Programs	365,391
Investment Income	15,756
Licenses and Permits	32,545
Insurance Settlement	525,000
Miscellaneous	91,582
<b>Total General Receipts</b>	<b><u>6,123,702</u></b>

Change in Net Assets	519,743
Net Assets - Beginning	2,787,999
Net Assets - Ending	<b><u>\$ 3,307,742</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, 2013

	General Fund	Road Fund	Inheritance Fund	Road/Bridge Construction Highway Allocation Fund	Road/Bridge Sinking Fund	Natural Disaster Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>								
Cash and cash equivalents (Note 1.D)	\$ 529,194	\$ 326,823	\$ 544,854	\$ 220,086	\$ 244,205	\$ 390,759	\$ 615,439	\$ 2,871,360
Investments (Note 1.D)	-	-	436,382	-	-	-	-	436,382
<b>TOTAL ASSETS</b>	<b>\$ 529,194</b>	<b>\$ 326,823</b>	<b>\$ 981,236</b>	<b>\$ 220,086</b>	<b>\$ 244,205</b>	<b>\$ 390,759</b>	<b>\$ 615,439</b>	<b>\$ 3,307,742</b>
<b>FUND BALANCES</b>								
Restricted for:								
Visitor Promotion	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,311	\$ 85,311
Drug Education	-	-	-	-	-	-	609	609
Law Enforcement	-	-	-	-	-	-	277	277
Debt Service	-	-	-	-	-	-	159,877	159,877
Preservation of Records	-	-	-	-	-	-	3,076	3,076
Committed to:								
Law Enforcement	-	-	-	-	-	-	5,527	5,527
Road Maintenance	-	326,823	-	220,086	244,205	390,759	238,841	1,420,714
Aid and Assistance	-	-	-	-	-	-	87,881	87,881
Unemployment Benefits	-	-	-	-	-	-	29,945	29,945
Weed Control	-	-	-	-	-	-	4,095	4,095
Assigned to:								
Other Purposes	-	-	981,236	-	-	-	-	981,236
Unassigned	529,194	-	-	-	-	-	-	529,194
<b>TOTAL CASH BASIS FUND BALANCES</b>	<b>\$ 529,194</b>	<b>\$ 326,823</b>	<b>\$ 981,236</b>	<b>\$ 220,086</b>	<b>\$ 244,205</b>	<b>\$ 390,759</b>	<b>\$ 615,439</b>	<b>\$ 3,307,742</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, 2013

	General Fund	Road Fund	Inheritance Fund	Road/Bridge Construction Highway Allocation Fund	Road/Bridge Sinking Fund	Natural Disaster Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>								
Property Taxes	\$ 3,493,479	\$ -	\$ 923,643	\$ -	\$ 335,472	\$ -	\$ 340,834	\$ 5,093,428
Licenses and Permits	32,545	-	-	-	-	-	-	32,545
Interest	15,459	-	-	297	-	-	-	15,756
Intergovernmental	507,539	1,057,703	-	489	33,733	542,329	42,456	2,184,249
Charges for Services	421,446	4,000	-	-	-	-	5,777	431,223
Miscellaneous	13,278	76,716	-	-	525,000	-	1,588	616,582
<b>TOTAL RECEIPTS</b>	<u>4,483,746</u>	<u>1,138,419</u>	<u>923,643</u>	<u>786</u>	<u>894,205</u>	<u>542,329</u>	<u>390,655</u>	<u>8,373,783</u>
<b>DISBURSEMENTS</b>								
General Government	2,197,784	-	230,648	-	-	-	13,395	2,441,827
Public Safety	1,121,561	-	-	-	-	-	26,557	1,148,118
Public Works	11,641	2,484,056	-	813,275	-	-	16,011	3,324,983
Health and Sanitation	41,495	-	-	-	-	-	-	41,495
Public Assistance	64,696	-	-	-	-	-	13,340	78,036
Culture and Recreation	-	-	-	-	-	-	22,084	22,084
Debt Service:								
Principal Payments	-	-	-	-	-	-	80,000	80,000
Interest and Fiscal Charges	-	-	-	-	-	-	67,497	67,497
Capital Outlay	-	-	-	-	650,000	-	-	650,000
<b>TOTAL DISBURSEMENTS</b>	<u>3,437,177</u>	<u>2,484,056</u>	<u>230,648</u>	<u>813,275</u>	<u>650,000</u>	<u>-</u>	<u>238,884</u>	<u>7,854,040</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>1,046,569</u>	<u>(1,345,637)</u>	<u>692,995</u>	<u>(812,489)</u>	<u>244,205</u>	<u>542,329</u>	<u>151,771</u>	<u>519,743</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	101,552	1,333,514	-	-	-	-	9,532	1,444,598
Transfers out	(1,052,012)	-	(100,000)	-	-	(292,586)	-	(1,444,598)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(950,460)</u>	<u>1,333,514</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>(292,586)</u>	<u>9,532</u>	<u>-</u>
Net Change in Fund Balances	96,109	(12,123)	592,995	(812,489)	244,205	249,743	161,303	519,743
<b>CASH BASIS FUND BALANCES - BEGINNING</b>	<u>433,085</u>	<u>338,946</u>	<u>388,241</u>	<u>1,032,575</u>	<u>-</u>	<u>141,016</u>	<u>454,136</u>	<u>2,787,999</u>
<b>CASH BASIS FUND BALANCES - ENDING</b>	<u>\$ 529,194</u>	<u>\$ 326,823</u>	<u>\$ 981,236</u>	<u>\$ 220,086</u>	<u>\$ 244,205</u>	<u>\$ 390,759</u>	<u>\$ 615,439</u>	<u>\$ 3,307,742</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, 2013

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 348,902
<b>LIABILITIES</b>	
Due to other governments	
State	133,507
Schools	155,454
Educational Service Units	2,340
Technical College	5,448
Natural Resource Districts	3,897
Fire Districts	2,933
Municipalities	29,548
Agricultural Society	486
Others	15,289
<b>TOTAL LIABILITIES</b>	<b>348,902</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**  
(Continued)

For the Fiscal Year Ended June 30, 2013

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

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$29,443 toward the operation of the Region during fiscal year 2013. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Department of Health and Human Services requires the Region to be audited annually in accordance with State statute. Financial information for the Region is available in those audit reports.

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Health Department – The County has entered into an agreement with the Southeast District Health Department (Department) to provide public health services. 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, Cum. Supp. 2012).

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 2013. 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) (Cum. Supp. 2012). 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.

**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

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 which is primarily funded by State tax receipts.

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

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

**Road/Bridge Sinking Fund.** This fund is used for specific road projects. This fund is primarily funded by an insurance settlement and property taxes levied.

**Natural Disaster Fund.** This fund is used to fund road projects that were declared as natural disasters. The primary funding is from Federal and State Grants.

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

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

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

**Debt Service Funds.** The Highway Allocation Bond Fund accounts for the resources for, and the payment of, general long-term debt principal, interest, and related costs.

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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.

**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.

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

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.

**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 \$249,150 of restricted net assets, of which \$88,996 is restricted by enabling legislation.

RICHARDSON COUNTY

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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

**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.

**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 \$2,871,360 for County funds and \$348,902 for Fiduciary funds. The bank balances for all funds totaled \$3,199,240. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2013, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

The County's carrying value of investments are stated at cost, which approximates market. Investments consisted of \$436,382 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

RICHARDSON COUNTY

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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

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 2012, for the 2012 taxes, which will be materially collected in May and September 2013, was set at \$.389684/\$100 of assessed valuation. The levy set in October 2011, for the 2011 taxes, which were materially collected in May and September 2012, was set at \$.431364/\$100 of assessed valuation. The amount collected for motor vehicle tax is outlined in State statute.

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

**4. Retirement System**

The Retirement System for Nebraska Counties (the Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2335 (Reissue 2012) and may be amended through legislative action.

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

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

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, 2013, 72 employees contributed \$96,327, and the County contributed \$143,094. Contributions included \$2,795 in cash contributions towards the supplemental law enforcement plan for 7 law enforcement employees. Lastly, the County paid \$1,093 directly to 8 retired employees for prior service benefits.

5. **Risk Management**

The County is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has purchased commercial insurance to cover the risk of loss and believes adequate coverage exists for potential exposures. There was no significant reduction of insurance coverage from the prior year and the County did not incur any expenses which exceeded the coverage amount for the year ended June 30, 2013.

6. **Interfund Transfers**

Interfund transfers for the year ended June 30, 2013, consisted of the following:

<b><u>Transfers to</u></b>	<b>Transfers from</b>			<b>Total</b>
	<b>General Fund</b>	<b>Inheritance Fund</b>	<b>Natural Disaster Fund</b>	
Road Fund	\$ 1,042,480	\$ -	\$ 291,034	\$ 1,333,514
General Fund	-	100,000	1,552	101,552
Nonmajor Funds	9,532	-	-	9,532
<b>Total</b>	<b>\$ 1,052,012</b>	<b>\$ 100,000</b>	<b>\$ 292,586</b>	<b>\$ 1,444,598</b>

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	Motor Grader	International Truck	Total
Balance July 1, 2012	\$ 59,130	\$ 65,017	\$ 107,591	\$ 119,250	\$ -	\$ 350,988
Purchases	-	-	-	-	152,700	152,700
Payments	59,129	32,306	35,117	40,867	25,437	192,856
Balance June 30, 2013	<u>\$ 1</u>	<u>\$ 32,711</u>	<u>\$ 72,474</u>	<u>\$ 78,383</u>	<u>\$ 127,263</u>	<u>\$ 310,832</u>
Future Payments:						
<b>Year</b>						
2014	\$ 1	\$ 33,018	\$ 37,193	\$ 40,866	\$ 51,479	\$ 162,557
2015	-	-	37,193	40,867	51,479	129,539
2016	-	-	-	-	25,740	25,740
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019-2023	-	-	-	-	-	-
Total Payments	<u>1</u>	<u>33,018</u>	<u>74,386</u>	<u>81,733</u>	<u>128,698</u>	<u>317,836</u>
Less Interest		307	1,912	3,350	1,435	7,004
Present Value of Future Minimum Lease Payments	<u>\$ 1</u>	<u>\$ 32,711</u>	<u>\$ 72,474</u>	<u>\$ 78,383</u>	<u>\$ 127,263</u>	<u>\$ 310,832</u>
Carrying Value of the related Fixed Asset	<u>\$ 172,500</u>	<u>\$ 96,900</u>	<u>\$ 139,625</u>	<u>\$ 165,250</u>	<u>\$ 152,700</u>	<u>\$ 726,975</u>

RICHARDSON COUNTY

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**8. Long-Term Debt**

The County issued 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, 2013, was \$1,840,000. 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>
2014	\$ 80,000	\$ 66,618	\$ 146,618
2015	80,000	65,457	145,457
2016	80,000	64,018	144,018
2017	85,000	62,377	147,377
2018	85,000	60,338	145,338
2019-2023	470,000	261,562	731,562
2024-2028	560,000	166,978	726,978
2029-2031	400,000	38,192	438,192
<b>Total Payments</b>	<b>\$ 1,840,000</b>	<b>\$ 785,540</b>	<b>\$ 2,625,540</b>

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

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 3,389,350	\$ 3,389,350	\$3,493,479	\$ 104,129
Licenses and Permits	30,300	30,300	32,545	2,245
Interest	20,000	20,000	15,459	(4,541)
Intergovernmental	300,080	300,080	507,539	207,459
Charges for Services	368,305	368,305	421,446	53,141
Miscellaneous	30,710	30,710	13,278	(17,432)
<b>TOTAL RECEIPTS</b>	<u>4,138,745</u>	<u>4,138,745</u>	<u>4,483,746</u>	<u>345,001</u>
<b>DISBURSEMENTS</b>				
General Government:				
County Board	57,915	57,915	56,781	1,134
County Clerk	125,205	125,205	119,063	6,142
County Treasurer	142,940	142,940	134,124	8,816
County Assessor	217,374	220,300	220,300	-
Election Commissioner	62,701	62,701	58,003	4,698
Clerk of the District Court	73,384	73,384	70,713	2,671
County Court System	9,080	9,080	6,975	2,105
Building and Grounds	224,011	224,011	218,930	5,081
Agricultural Extension Agent	49,783	49,783	49,768	15
CDC - Child Support Agreement	13,780	13,780	11,886	1,894
Miscellaneous	1,241,454	1,214,687	1,251,241	(36,554)
Public Safety:				
County Sheriff	282,474	291,938	291,939	(1)
County Attorney	59,700	59,700	52,337	7,363
Investigator	56,895	56,895	56,642	253
County Jail	266,174	291,602	291,602	-
Emergency Management	78,877	78,877	68,377	10,500
Humboldt Sheriff	62,801	68,052	68,052	-
Attorney - Child Support Agreement	72,250	72,250	69,264	2,986
Attorney - Incentive Match	26,638	26,638	21,039	5,599
Miscellaneous	136,000	129,359	129,359	-
Nuclear Accident Emergency Prepared	82,637	82,637	72,950	9,687
Public Works:				
County Surveyor	12,812	12,812	11,641	1,171
Public Health:				
Miscellaneous	52,443	41,495	41,495	-
Public Assistance:				
Veterans' Service Officer	54,332	54,332	53,109	1,223
Miscellaneous	10,300	11,587	11,587	-
<b>TOTAL DISBURSEMENTS</b>	<u>3,471,960</u>	<u>3,471,960</u>	<u>3,437,177</u>	<u>34,783</u>

(Continued)

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

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	666,785	666,785	1,046,569	379,784
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	100,000	100,000	101,552	1,552
Transfers out	(1,024,870)	(1,024,870)	(1,052,012)	(27,142)
TOTAL OTHER FINANCING SOURCES (USES)	(924,870)	(924,870)	(950,460)	(25,590)
Net Change in Fund Balance	(258,085)	(258,085)	96,109	354,194
<b>FUND BALANCE - BEGINNING</b>	433,085	433,085	433,085	-
<b>FUND BALANCE - ENDING</b>	<u>\$ 175,000</u>	<u>\$ 175,000</u>	<u>\$ 529,194</u>	<u>\$ 354,194</u>

(Concluded)

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

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD FUND</b>				
<b>RECEIPTS</b>				
Intergovernmental	\$ 986,010	\$ 986,010	\$ 1,057,703	\$ 71,693
Charges for Services	3,600	3,600	4,000	400
Miscellaneous	15,100	15,100	76,716	61,616
<b>TOTAL RECEIPTS</b>	<b>1,004,710</b>	<b>1,004,710</b>	<b>1,138,419</b>	<b>133,709</b>
<b>DISBURSEMENTS</b>	<b>2,792,464</b>	<b>2,792,464</b>	<b>2,484,056</b>	<b>308,408</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(1,787,754)</b>	<b>(1,787,754)</b>	<b>(1,345,637)</b>	<b>442,117</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,523,808	1,523,808	1,333,514	(190,294)
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,523,808</b>	<b>1,523,808</b>	<b>1,333,514</b>	<b>(190,294)</b>
Net Change in Fund Balance	(263,946)	(263,946)	(12,123)	251,823
FUND BALANCE - BEGINNING	338,946	338,946	338,946	-
FUND BALANCE - ENDING	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ 326,823</u>	<u>\$ 251,823</u>
<b>INHERITANCE FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 351,759	\$ 351,759	\$ 923,643	\$ 571,884
<b>TOTAL RECEIPTS</b>	<b>351,759</b>	<b>351,759</b>	<b>923,643</b>	<b>571,884</b>
<b>DISBURSEMENTS</b>	<b>540,000</b>	<b>540,000</b>	<b>230,648</b>	<b>309,352</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(188,241)</b>	<b>(188,241)</b>	<b>692,995</b>	<b>881,236</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(200,000)	(200,000)	(100,000)	100,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(200,000)</b>	<b>(200,000)</b>	<b>(100,000)</b>	<b>100,000</b>
Net Change in Fund Balance	(388,241)	(388,241)	592,995	981,236
FUND BALANCE - BEGINNING	388,241	388,241	388,241	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 981,236</u>	<u>\$ 981,236</u>

(Continued)

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

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD/BRIDGE CONSTRUCTION</b>				
<b>HIGHWAY ALLOCATION FUND</b>				
<b>RECEIPTS</b>				
Interest	\$ -	\$ -	\$ 297	\$ 297
Intergovernmental	-	-	489	489
<b>TOTAL RECEIPTS</b>	<b>-</b>	<b>-</b>	<b>786</b>	<b>786</b>
<b>DISBURSEMENTS</b>	<b>1,032,575</b>	<b>1,032,575</b>	<b>813,275</b>	<b>219,300</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(1,032,575)</b>	<b>(1,032,575)</b>	<b>(812,489)</b>	<b>220,086</b>
Net Change in Fund Balance	(1,032,575)	(1,032,575)	(812,489)	220,086
<b>FUND BALANCE - BEGINNING</b>	<b>1,032,575</b>	<b>1,032,575</b>	<b>1,032,575</b>	<b>-</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 220,086</b>	<b>\$ 220,086</b>
<b>ROAD/BRIDGE SINKING FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 550,000	\$ 550,000	\$ 335,472	\$ (214,528)
Intergovernmental	-	-	33,733	33,733
Miscellaneous	-	-	525,000	525,000
<b>TOTAL RECEIPTS</b>	<b>550,000</b>	<b>550,000</b>	<b>894,205</b>	<b>344,205</b>
<b>DISBURSEMENTS</b>	<b>650,000</b>	<b>650,000</b>	<b>650,000</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(100,000)</b>	<b>(100,000)</b>	<b>244,205</b>	<b>344,205</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	100,000	100,000	-	(100,000)
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>100,000</b>	<b>100,000</b>	<b>-</b>	<b>(100,000)</b>
Net Change in Fund Balance	-	-	244,205	244,205
<b>FUND BALANCE - BEGINNING</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 244,205</b>	<b>\$ 244,205</b>

(Continued)

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

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>NATURAL DISASTER FUND</u></b>				
<b>RECEIPTS</b>				
Intergovernmental	\$ 368,600	\$ 368,600	\$ 542,329	\$ 173,729
<b>TOTAL RECEIPTS</b>	<b>368,600</b>	<b>368,600</b>	<b>542,329</b>	<b>173,729</b>
<b>DISBURSEMENTS</b>				
	-	-	-	-
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>				
	368,600	368,600	542,329	173,729
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(509,616)	(509,616)	(292,586)	217,030
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<b>(509,616)</b>	<b>(509,616)</b>	<b>(292,586)</b>	<b>217,030</b>
Net Change in Fund Balance	(141,016)	(141,016)	249,743	390,759
FUND BALANCE - BEGINNING	141,016	141,016	141,016	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 390,759</u>	<u>\$ 390,759</u>

(Concluded)

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

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>FEDERAL MATCHING</b>				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	238,841	238,841	-	238,841
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>				
RECEIPTS	\$ 250,000	\$ 250,000	\$ -	\$ (250,000)
DISBURSEMENTS	250,000	250,000	-	250,000
Net Change in Fund Balance	-	-	-	-
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>CHROMATOGRAPH FUND</b>				
RECEIPTS	\$ 2,249	\$ 2,249	\$ 2,701	\$ 452
DISBURSEMENTS	7,800	7,800	2,725	5,075
Net Change in Fund Balance	(5,551)	(5,551)	(24)	5,527
FUND BALANCE - BEGINNING	5,551	5,551	5,551	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,527</u>	<u>\$ 5,527</u>
<b>VISITOR'S PROMOTION FUND</b>				
RECEIPTS	\$ 17,500	\$ 17,500	\$ 16,021	\$ (1,479)
DISBURSEMENTS	53,163	53,163	12,269	40,894
Net Change in Fund Balance	(35,663)	(35,663)	3,752	39,415
FUND BALANCE - BEGINNING	35,663	35,663	35,663	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,415</u>	<u>\$ 39,415</u>
<b>VISITOR'S IMPROVEMENT FUND</b>				
RECEIPTS	\$ 17,500	\$ 17,500	\$ 16,021	\$ (1,479)
DISBURSEMENTS	57,190	57,190	9,815	47,375
Net Change in Fund Balance	(39,690)	(39,690)	6,206	45,896
FUND BALANCE - BEGINNING	39,690	39,690	39,690	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,896</u>	<u>\$ 45,896</u>

(Continued)

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

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REGISTER OF DEEDS</b>				
<b>PRESERVE &amp; MODERNIZE</b>				
RECEIPTS	\$ 4,500	\$ 4,500	\$ 3,076	\$ (1,424)
DISBURSEMENTS	4,500	4,500	-	4,500
Net Change in Fund Balance	-	-	3,076	3,076
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,076</u>	<u>\$ 3,076</u>
<b>EMPLOYMENT SECURITY FUND</b>				
RECEIPTS	\$ 1,932	\$ 1,932	\$ 20,047	\$ 18,115
DISBURSEMENTS	22,500	22,500	10,670	11,830
Net Change in Fund Balance	(20,568)	(20,568)	9,377	29,945
FUND BALANCE - BEGINNING	20,568	20,568	20,568	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,945</u>	<u>\$ 29,945</u>
<b>MEDICAL RELIEF FUND</b>				
RECEIPTS	\$ 1,511	\$ 1,511	\$ 6,838	\$ 5,327
DISBURSEMENTS	55,000	55,000	5,222	49,778
Net Change in Fund Balance	(53,489)	(53,489)	1,616	55,105
FUND BALANCE - BEGINNING	73,489	73,489	73,489	-
FUND BALANCE - ENDING	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 75,105</u>	<u>\$ 55,105</u>
<b>INSTITUTIONS FUND</b>				
RECEIPTS	\$ 2,179	\$ 2,179	\$ 4,358	\$ 2,179
DISBURSEMENTS	13,000	13,000	5,118	7,882
Net Change in Fund Balance	(10,821)	(10,821)	(760)	10,061
FUND BALANCE - BEGINNING	12,821	12,821	12,821	-
FUND BALANCE - ENDING	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 12,061</u>	<u>\$ 10,061</u>
<b>VETERANS' AID FUND</b>				
RECEIPTS	\$ 2,714	\$ 2,714	\$ 3,429	\$ 715
DISBURSEMENTS	3,000	3,000	3,000	-
Net Change in Fund Balance	(286)	(286)	429	715
FUND BALANCE - BEGINNING	286	286	286	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 715</u>	<u>\$ 715</u>

(Continued)

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

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>COUNTY DRUG LAW ENFORCEMENT FUND</b>				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	873	873	264	609
Net Change in Fund Balance	(873)	(873)	(264)	609
FUND BALANCE - BEGINNING	873	873	873	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 609</u>	<u>\$ 609</u>
<b>FEDERAL FORFEITURE FUND</b>				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	374	374	374	-
Net Change in Fund Balance	(374)	(374)	(374)	-
FUND BALANCE - BEGINNING	374	374	374	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>JUVENILE SERVICES GRANT FUND</b>				
RECEIPTS	\$ 25,045	\$ 25,045	\$ 25,046	\$ 1
DISBURSEMENTS	26,195	26,195	25,919	276
Net Change in Fund Balance	(1,150)	(1,150)	(873)	277
FUND BALANCE - BEGINNING	1,150	1,150	1,150	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 277</u>	<u>\$ 277</u>
<b>HIGHWAY ALLOCATION BOND FUND</b>				
RECEIPTS	\$ 222,451	\$ 222,451	\$ 292,325	\$ 69,874
DISBURSEMENTS	238,000	238,000	147,997	90,003
Net Change in Fund Balance	(15,549)	(15,549)	144,328	159,877
FUND BALANCE - BEGINNING	15,549	15,549	15,549	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,877</u>	<u>\$ 159,877</u>
<b>NOXIOUS WEED FUND</b>				
RECEIPTS	\$ -	\$ -	\$ 793	\$ 793
DISBURSEMENTS	19,959	19,959	15,511	4,448
OTHER FINANCING SOURCES (USES)				
Transfers in	10,678	10,678	9,532	(1,146)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>10,678</u>	<u>10,678</u>	<u>9,532</u>	<u>(1,146)</u>
Net Change in Fund Balance	(9,281)	(9,281)	(5,186)	4,095
FUND BALANCE - BEGINNING	9,281	9,281	9,281	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,095</u>	<u>\$ 4,095</u>

RICHARDSON COUNTY  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2013

	Federal Matching	Chromatograph Fund	Visitor's Promotion Fund	Visitor's Improvement Fund	Register of Deeds Preserve & Modernize
<b>RECEIPTS</b>					
Property Taxes	\$ -	\$ -	\$ 16,021	\$ 16,021	\$ -
Intergovernmental	-	-	-	-	-
Charges for Services	-	2,701	-	-	3,076
Miscellaneous	-	-	-	-	-
<b>TOTAL RECEIPTS</b>	<u>-</u>	<u>2,701</u>	<u>16,021</u>	<u>16,021</u>	<u>3,076</u>
<b>DISBURSEMENTS</b>					
General Government	-	2,725	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Public Assistance	-	-	-	-	-
Culture and Recreation	-	-	12,269	9,815	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>-</u>	<u>2,725</u>	<u>12,269</u>	<u>9,815</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>-</u>	<u>(24)</u>	<u>3,752</u>	<u>6,206</u>	<u>3,076</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	(24)	3,752	6,206	3,076
<b>FUND BALANCES - BEGINNING</b>	<u>238,841</u>	<u>5,551</u>	<u>35,663</u>	<u>39,690</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 238,841</u>	<u>\$ 5,527</u>	<u>\$ 39,415</u>	<u>\$ 45,896</u>	<u>\$ 3,076</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	\$ -	\$ -	\$ 39,415	\$ 45,896	\$ -
Drug Education	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Debt Service	-	-	-	-	-
Preservation of Records	-	-	-	-	3,076
Committed to:					
Law Enforcement	-	5,527	-	-	-
Road Maintenance	238,841	-	-	-	-
Aid and Assistance	-	-	-	-	-
Unemployment Benefits	-	-	-	-	-
Weed Control	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 238,841</u>	<u>\$ 5,527</u>	<u>\$ 39,415</u>	<u>\$ 45,896</u>	<u>\$ 3,076</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, 2013

	Employment Security Fund	Medical Relief Fund	Institutions Fund	Veterans' Aid Fund	County Drug Law Enforcement Fund
<b>RECEIPTS</b>					
Property Taxes	\$ 19,534	\$ 5,996	\$ 4,162	\$ 3,081	\$ -
Intergovernmental	513	197	196	198	-
Charges for Services	-	-	-	-	-
Miscellaneous	-	645	-	150	-
<b>TOTAL RECEIPTS</b>	<u>20,047</u>	<u>6,838</u>	<u>4,358</u>	<u>3,429</u>	<u>-</u>
<b>DISBURSEMENTS</b>					
General Government	10,670	-	-	-	-
Public Safety	-	-	-	-	264
Public Works	-	-	-	-	-
Public Assistance	-	5,222	5,118	3,000	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>10,670</u>	<u>5,222</u>	<u>5,118</u>	<u>3,000</u>	<u>264</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>9,377</u>	<u>1,616</u>	<u>(760)</u>	<u>429</u>	<u>(264)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	9,377	1,616	(760)	429	(264)
<b>FUND BALANCES - BEGINNING</b>	<u>20,568</u>	<u>73,489</u>	<u>12,821</u>	<u>286</u>	<u>873</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 29,945</u>	<u>\$ 75,105</u>	<u>\$ 12,061</u>	<u>\$ 715</u>	<u>\$ 609</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	\$ -	\$ -	\$ -	\$ -	\$ -
Drug Education	-	-	-	-	609
Law Enforcement	-	-	-	-	-
Debt Service	-	-	-	-	-
Preservation of Records	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Road Maintenance	-	-	-	-	-
Aid and Assistance	-	75,105	12,061	715	-
Unemployment Benefits	29,945	-	-	-	-
Weed Control	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 29,945</u>	<u>\$ 75,105</u>	<u>\$ 12,061</u>	<u>\$ 715</u>	<u>\$ 609</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, 2013

	Federal Forfeiture Fund	Juvenile Services Grant Fund	Highway Allocation Bond Fund	Noxious Weed Fund	Total Nonmajor Governmental Funds
<b>RECEIPTS</b>					
Property Taxes	\$ -	\$ -	\$276,019	\$ -	\$ 340,834
Intergovernmental	-	25,046	16,306	-	42,456
Charges for Services	-	-	-	-	5,777
Miscellaneous	-	-	-	793	1,588
<b>TOTAL RECEIPTS</b>	<u>-</u>	<u>25,046</u>	<u>292,325</u>	<u>793</u>	<u>390,655</u>
<b>DISBURSEMENTS</b>					
General Government	-	-	-	-	13,395
Public Safety	374	25,919	-	-	26,557
Public Works	-	-	500	15,511	16,011
Public Assistance	-	-	-	-	13,340
Culture and Recreation	-	-	-	-	22,084
Debt Service:					
Principal Payments	-	-	80,000	-	80,000
Interest and Fiscal Charges	-	-	67,497	-	67,497
<b>TOTAL DISBURSEMENTS</b>	<u>374</u>	<u>25,919</u>	<u>147,997</u>	<u>15,511</u>	<u>238,884</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(374)</u>	<u>(873)</u>	<u>144,328</u>	<u>(14,718)</u>	<u>151,771</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	9,532	9,532
Transfers out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,532</u>	<u>9,532</u>
Net Change in Fund Balances	(374)	(873)	144,328	(5,186)	161,303
<b>FUND BALANCES - BEGINNING</b>	<u>374</u>	<u>1,150</u>	<u>15,549</u>	<u>9,281</u>	<u>454,136</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ -</u>	<u>\$ 277</u>	<u>\$159,877</u>	<u>\$ 4,095</u>	<u>\$ 615,439</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	\$ -	\$ -	\$ -	\$ -	\$ 85,311
Drug Education	-	-	-	-	609
Law Enforcement	-	277	-	-	277
Debt Service	-	-	159,877	-	159,877
Preservation of Records	-	-	-	-	3,076
Committed to:					
Law Enforcement	-	-	-	-	5,527
Road Maintenance	-	-	-	-	238,841
Aid and Assistance	-	-	-	-	87,881
Unemployment Benefits	-	-	-	-	29,945
Weed Control	-	-	-	4,095	4,095
<b>TOTAL FUND BALANCES</b>	<u>\$ -</u>	<u>\$ 277</u>	<u>\$159,877</u>	<u>\$ 4,095</u>	<u>\$ 615,439</u>

(Concluded)

**RICHARDSON COUNTY**  
**SCHEDULE OF OFFICE ACTIVITIES**  
For the Year Ended June 30, 2013

	County Clerk	County Board	Clerk of the District Court	County Sheriff	County Attorney	Highway Superintendent	Veterans' Service Officer	Total
BALANCES JULY 1, 2012	\$ 9,258	\$ 15,080	\$ 15,348	\$ 21,899	\$ 2,469	\$ 2,802	\$ 1,777	\$ 68,633
<b>RECEIPTS</b>								
Licenses and Permits	690	-	-	660	-	-	-	1,350
Charges for Services	68,421	-	17,113	36,955	1,010	43,649	-	167,148
Miscellaneous	-	100,044	10	1,191	-	500	-	101,745
State Fees	73,781	-	10,949	217	-	775	-	85,722
Other Liabilities	-	-	226,379	66,274	44,756	-	4,793	342,202
<b>TOTAL RECEIPTS</b>	<b>142,892</b>	<b>100,044</b>	<b>254,451</b>	<b>105,297</b>	<b>45,766</b>	<b>44,924</b>	<b>4,793</b>	<b>698,167</b>
<b>DISBURSEMENTS</b>								
Payments to County Treasurer	69,523	-	15,509	44,645	1,170	45,743	-	176,590
Payments to State Treasurer	76,366	-	10,336	248	-	-	-	86,950
Other Liabilities	-	86,352	220,661	66,542	44,319	-	3,211	421,085
<b>TOTAL DISBURSEMENTS</b>	<b>145,889</b>	<b>86,352</b>	<b>246,506</b>	<b>111,435</b>	<b>45,489</b>	<b>45,743</b>	<b>3,211</b>	<b>684,625</b>
BALANCES JUNE 30, 2013	<u>\$ 6,261</u>	<u>\$ 28,772</u>	<u>\$ 23,293</u>	<u>\$ 15,761</u>	<u>\$ 2,746</u>	<u>\$ 1,983</u>	<u>\$ 3,359</u>	<u>\$ 82,175</u>
<b>BALANCES CONSIST OF:</b>								
Due to County Treasurer	\$ 4,408	\$ 28,772	\$ 2,177	\$ 13,163	\$ 210	\$ 983	\$ 3,359	\$ 53,072
Petty Cash	150	-	300	2,000	-	1,000	-	3,450
Due to State Treasurer	1,703	-	1,040	73	-	-	-	2,816
Due to Others	-	-	19,776	525	2,536	-	-	22,837
BALANCES JUNE 30, 2013	<u>\$ 6,261</u>	<u>\$ 28,772</u>	<u>\$ 23,293</u>	<u>\$ 15,761</u>	<u>\$ 2,746</u>	<u>\$ 1,983</u>	<u>\$ 3,359</u>	<u>\$ 82,175</u>

RICHARDSON COUNTY  
**SCHEDULE OF TAXES CERTIFIED AND COLLECTED**  
**FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY**  
June 30, 2013

Item	2008	2009	2010	2011	2012
Tax Certified by Assessor					
Real Estate	\$ 11,011,070	\$ 11,512,313	\$ 12,618,090	\$ 14,434,513	\$ 14,879,571
Personal and Specials	645,116	751,389	786,528	966,398	1,032,880
Total	<u>11,656,186</u>	<u>12,263,702</u>	<u>13,404,618</u>	<u>15,400,911</u>	<u>15,912,451</u>
Corrections					
Additions	642	4,472	19,932	21,359	4,537
Deductions	<u>(12,349)</u>	<u>(4,751)</u>	<u>(7,957)</u>	<u>(17,543)</u>	<u>(9,887)</u>
Net Additions/ (Deductions)	<u>(11,707)</u>	<u>(279)</u>	<u>11,975</u>	<u>3,816</u>	<u>(5,350)</u>
Corrected Certified Tax	<u>11,644,479</u>	<u>12,263,423</u>	<u>13,416,593</u>	<u>15,404,727</u>	<u>15,907,101</u>
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2009	6,929,160	-	-	-	-
June 30, 2010	4,667,369	7,462,393	-	-	-
June 30, 2011	28,779	4,765,310	8,240,205	-	-
June 30, 2012	9,920	21,441	5,140,749	9,601,311	-
June 30, 2013	6,863	14,079	34,546	5,777,776	10,226,730
Total Net Collections	<u>11,642,091</u>	<u>12,263,223</u>	<u>13,415,500</u>	<u>15,379,087</u>	<u>10,226,730</u>
Total Uncollected Tax	<u>\$ 2,388</u>	<u>\$ 200</u>	<u>\$ 1,093</u>	<u>\$ 25,640</u>	<u>\$ 5,680,371</u>
Percentage Uncollected Tax	<u>0.02%</u>	<u>0.00%</u>	<u>0.01%</u>	<u>0.17%</u>	<u>35.71%</u>



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley  
State Auditor

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

Board of Commissioners  
Richardson County, Nebraska

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Richardson County as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Richardson County's basic financial statements, and have issued our report thereon dated August 27, 2013. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Richardson County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

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

prevented, or detected and corrected on a timely basis. We consider the following deficiency to be a material weakness:

- The County offices 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.

*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.*

### **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*.

### **Additional Items**

We also noted certain matters that we reported to management of Richardson County in a separate letter dated August 27, 2013.

### **Richardson County's Response to Findings**

Richardson County's response to the findings identified in our audit are described above. Richardson County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Deann Haeffner, CPA  
Assistant Deputy Auditor

August 27, 2013



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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August 27, 2013

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, 2013, and have issued our report thereon dated August 27, 2013. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

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

### **COUNTY OVERALL**

#### **Segregation of Duties**

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

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

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

*County Board'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.*

## Deposit Coverage

During our audit we noted the following offices did not have adequate pledged securities to fully secure bank deposits during the fiscal year:

- **County Treasurer:** Uncollateralized deposits ranged from \$171,339 to \$943,245 for nine days during May 2013.
- **County Board:** Uncollateralized deposits ranged from \$365,382 to \$1,076,590 for thirteen days during May 2013.

Neb. Rev. Stat. § 77-2395 (Reissue 2009) states:

*[T]he custodial official shall not have on deposit in such depository any public money or public funds in excess of the amount insured or guaranteed by the Federal Deposit Insurance Corporation [FDIC], unless and until the depository has furnished to the custodial official securities, the market value of which are in an amount not less than one hundred two percent of the amount on deposit which is in excess of the amount so insured or guaranteed.*

When deposits are not fully secured at all times, the offices are not in compliance with State statute and there is an increased risk of loss should financial institutions holding County deposits fail.

We recommend each office implement procedures to ensure bank accounts are adequately collateralized at all times.

*County Board's Response: An additional pledge security has been obtained to cover deposits.*

## COUNTY TREASURER

### Nameplate Capacity Tax Distribution

The County Treasurer did not properly distribute the Nameplate Capacity Tax to all entities in Tax District 80. Funds 6301 and 6601 received respectively, \$709 and \$642, less than required, while the other political subdivisions in the district received more than required.

Neb. Rev. Stat. § 77-6204 (Cum. Supp. 2010) 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 appropriately distributed, the County is not in compliance with State statute, and subdivisions do not receive the correct amount of monies due them.

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

### **Motor Vehicle Pro Rate Tax Distribution**

The County Treasurer did not distribute motor vehicle pro rate taxes correctly. For March and June 2013, the motor vehicle pro rate taxes were distributed based on the levy instead of being distributed based on the taxes levied. This resulted in one school district receiving \$10,177 less than required and other political subdivisions receiving more than required.

Neb. Rev. Stat. § 60-3,202 (Reissue 2010) states, in part:

*Upon receipt of motor vehicle tax funds from the State Treasurer, the county treasurer shall distribute such funds to taxing agencies within the county in the same proportion that the levy of each such taxing agency bears to the total of such levies of all taxing agencies in the county.*

Nebraska Attorney General Opinion No. 322, dated October 3, 1980, states “The word ‘levy’, as used in this statute, may be interpreted to mean the total amount of taxes to be levied or collected, and the legislative history of the passage of this provision would support that construction.”

When distributions are improperly posted, the County Treasurer is not in compliance with State statute and subdivisions do not receive the correct taxes due them.

We recommend the County Treasurer correct the March and June 2013 distributions and implement procedures to ensure the Motor Vehicle Pro Rate taxes are distributed correctly in the future.

### **In Lieu of Tax Distribution**

The distribution of the Public Power District In Lieu of tax payments were not correct. The taxes were distributed based on a calculation factor totaling all eligible entities instead of being distributed based on the city or village where the taxes were collected. Variances ranged from one entity being shorted \$14,733 while other entities were overpaid by as much as \$5,212.

Neb. Rev. Stat. § 70-651.04 (Reissue 2009) states:

*All payments which are based on retail revenue from each incorporated city or village shall be divided and distributed by the county treasurer to that city or village, to the school districts located in that city or village, to any learning community located in that city or village, and to the county in which may be located any such incorporated city or village in the proportion that their respective property tax levies in the preceding year bore to the total of such levies, ...*

When distributions are not performed according to State statutes, there is an increased risk of loss, or misuse of funds.

We recommend the County Treasurer correct the distribution of the In Lieu taxes and implement procedures to ensure future distributions are correct.

### **Motor Vehicle Tax Distribution**

The County Treasurer did not properly distribute the Motor Vehicle Taxes received during the fiscal year. During our test of distributions in April 2013, the County General Fund received \$9,197, in excess funds; however, the eight municipalities in the county received none of the collected funds.

Neb. Rev. Stat. § 60-3,186 (Reissue 2010) states, in part, “After retaining one percent of the motor vehicle tax proceeds collected for costs, the remaining motor vehicle tax proceeds shall be allocated to each county, local school system, school district, city, and village in the tax district in which the motor vehicle has situs...”

When motor vehicle tax collections are not properly distributed, the County Treasurer is not in compliance with State statute and entities do not receive all their funds. Additionally, when tax collections are not distributed to the correct fund, there is an increased risk of loss, theft, or misuse of funds.

We recommend the County Treasurer correct the distribution errors and implement procedures to ensure the motor vehicle tax is distributed correctly in the future.

### **County Treasurer Reporting to the Board**

During a review of the board minutes, it was noted that the County Treasurer did not file required reports with the County Board.

- The County Board did not receive the County Treasurer’s Distress Warrant Report on or before October 1, 2012.
- The County Treasurer’s list of delinquent real estate taxes was not submitted on or before October 1, 2012, to the County Board.
- The County Treasurer did not file and obtain approval from the County Board for exchange of pledged collateral at approved banks.

Neb. Rev. Stat. § 77-1719.02 (Reissue 2009) states, in part:

On or before October 1 of each year, the county treasurer shall verify this report to the county board, and shall make an itemized report covering the amount uncollected. Such itemized report shall include the number of the distress warrant, the name and address of the taxpayer, the amount involved, and the reason for failure to collect same, or the failure of the sheriff to make a legal return on same.

Neb. Rev. Stat. § 77-1918 (Reissue 2009) states, in part:

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.

Neb. Rev. Stat. § 77-2318.01 (Reissue 2009) states, in part:

The county treasurer may deposit in any bank, ... of the county in which he or she is treasurer in excess of the amounts authorized in section 77-2318 when...(2) the same is approved by a formal resolution of the county board.

When all statutorily required reports and/or actions are not filed with the County Board, the County is not in compliance with relevant State statutes. The County Treasurer filed the list of delinquent taxes, tax sale and pledge collateral reports with the County Board on July 9, 2013.

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

## COUNTY SHERIFF

### Accounting Procedures

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

- At June 30, 2013, office records indicated assets were \$10,463 long when compared to office liabilities.
- Complete and accurate bank reconciliations were not performed on a monthly basis.
- Remittances to the County Treasurer were not timely. Fees were remitted 6 to 50 days after the date required by State Statute.
- Reports to the County Board were not timely. Fees were reported 7 to 126 days after the date required by State Statute.
- Errors were noted on the office's fee sheets including:
  - No receipt was written for a \$150 bond received and subsequently paid out.
  - The amount remitted to the Treasurer for fees and mileage of June 2013 was the amount collected, not the amount earned, resulting in an over-remittance of \$823

Neb. Rev. Stat. § 33-117 (Cum. Supp. 2010) requires the County Sheriff to pay all fees earned to the county treasurer and submit a report of all fees earned and collected to the County Board on the first Tuesday in January, April, July, and October. 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; all monies received are recorded; and all financial records are complete and accurate.

When fee reports are not submitted to the County Board timely, 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 submit reports to the County Board in accordance with State statutes. We also recommend the County Sheriff implement numerous financial procedures including the complete and accurate recording of all financial activity as well as timely, documented monthly balancing procedures, including bank reconciliations and analysis of bank activity.

**Petty Cash**

At June 30, 2013, the County Sheriff's authorized \$2,000 petty cash fund was short by \$221.

Good internal controls and sound accounting practices require that all petty cash funds be reconciled to their authorized amounts. When petty cash funds are not maintained at their authorized amounts, there is an increased risk of loss, theft, or misuse of funds.

We recommend the County Sheriff implement procedures to ensure petty cash funds are maintained at their authorized amount.

**Sheriff Contract**

We noted the County did not receive a contract payment totaling \$4,271 from the City of Humboldt for Law Enforcement services.

Good internal controls and sound accounting practices require that contracts be monitored to ensure that all funds due to the County are received. When contracts are not monitored for receipt of funds, there is an increased risk of loss, theft, or misuse of funds.

We recommend monitoring procedures be implemented over contracts to ensure all funds due to the County are received.

\* \* \* \* \*

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 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. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

Deann Haeffner, CPA  
Assistant Deputy Auditor