

**AUDIT REPORT  
OF  
NUCKOLLS COUNTY**

**JULY 1, 2009 THROUGH JUNE 30, 2010**

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the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original  
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**Issued on April 7, 2011**

NUCKOLLS COUNTY

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NUCKOLLS COUNTY

**LIST OF COUNTY OFFICIALS**

At June 30, 2010

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Michael Combs	Board of Commissioners	Jan. 2011
Danny Corman		Jan. 2013
Arnold Brown		Jan. 2011
Janice Murray	Assessor	Jan. 2011
Timothy Schmidt	Attorney	Jan. 2011
Jackie Kassebaum	Clerk Election Commissioner Register of Deeds	Jan. 2011
Karla Devaney	Clerk of the District Court	Jan. 2011
James Marr	Sheriff	Jan. 2011
Vicki Ensign	Treasurer	Jan. 2011
Gary James	Veterans' Service Officer	Appointed
Von Wehrman	Weed Superintendent	Appointed
Gary Warren	Highway Superintendent	Appointed
Thomas Krueger	Surveyor	Appointed



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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### NUCKOLLS COUNTY

### INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Nuckolls County, Nebraska

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Nuckolls County, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

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 Nuckolls County, as of June 30, 2010, 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 April 4, 2011, on our consideration of Nuckolls County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, nonmajor budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole on the basis of accounting described in Note 1.

Signed Original on File

April 4, 2011

Deann Haeffner, CPA  
Assistant Deputy Auditor

NUCKOLLS COUNTY  
**STATEMENT OF NET ASSETS - CASH BASIS**  
 June 30, 2010

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents (Note 1.D)	\$ 939,529
Investments (Note 1.D)	2,529,110
<b>TOTAL ASSETS</b>	<b>\$ 3,468,639</b>
 <b>NET ASSETS</b>	
Restricted for:	
911 Emergency Services	\$ 170,095
Other Purposes	8,276
Unrestricted	3,290,268
<b>TOTAL NET ASSETS</b>	<b>\$ 3,468,639</b>

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

NUCKOLLS COUNTY  
**STATEMENT OF ACTIVITIES - CASH BASIS**  
For the Year Ended June 30, 2010

<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	\$ (1,308,827)	\$ 127,819	\$ 49,805	\$ (1,131,203)
Public Safety	(677,240)	57,419	15,320	(604,501)
Public Works	(1,903,918)	7,775	762,032	(1,134,111)
Health and Sanitation	(18,818)	-	-	(18,818)
Public Assistance	(22,209)	-	-	(22,209)
Culture and Recreation	(2,458)	-	-	(2,458)
<b>Total Governmental Activities</b>	<b><u><u>\$ (3,933,470)</u></u></b>	<b><u><u>\$ 193,013</u></u></b>	<b><u><u>\$ 827,157</u></u></b>	<b><u><u>(2,913,300)</u></u></b>

General Receipts:

Property Taxes	3,026,273
Grants and Contributions Not Restricted to Specific Programs	281,797
Investment Income	48,579
Licenses and Permits	21,973
Miscellaneous	32,476
<b>Total General Receipts</b>	<b><u><u>3,411,098</u></u></b>
 Change in Net Assets	 497,798
Net Assets - Beginning	2,970,841
<b>Net Assets - Ending</b>	<b><u><u>\$ 3,468,639</u></u></b>

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

NUCKOLLS COUNTY  
**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
June 30, 2010

	General Fund	Road Fund	Inheritance Fund	Liability Claim Reserve Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents (Note 1.D)	\$ 162,566	\$ 699,757	\$ -	\$ -	\$ 77,206	\$ 939,529
Investments (Note 1.D)	835,029	-	932,492	379,539	382,050	2,529,110
<b>TOTAL ASSETS</b>	<u>\$ 997,595</u>	<u>\$ 699,757</u>	<u>\$ 932,492</u>	<u>\$ 379,539</u>	<u>\$ 459,256</u>	<u>\$ 3,468,639</u>
<b>FUND BALANCES</b>						
Unreserved, reported in:						
General fund	\$ 997,595	\$ -	\$ -	\$ -	\$ -	\$ 997,595
Special revenue funds	-	699,757	932,492	379,539	459,256	2,471,044
<b>TOTAL CASH BASIS FUND BALANCES</b>	<u>\$ 997,595</u>	<u>\$ 699,757</u>	<u>\$ 932,492</u>	<u>\$ 379,539</u>	<u>\$ 459,256</u>	<u>\$ 3,468,639</u>

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



NUCKOLLS COUNTY  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2010

	General Fund	Road Fund	Inheritance Fund	Liability Claim Reserve Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>						
Property Taxes	\$ 1,480,212	\$ 799,015	\$ 708,811	\$ -	\$ 38,235	\$ 3,026,273
Licenses and Permits	21,963	10	-	-	-	21,973
Interest	29,433	-	12,840	829	5,477	48,579
Intergovernmental	267,385	812,927	-	-	28,642	1,108,954
Charges for Services	180,641	7,775	-	-	4,597	193,013
Miscellaneous	14,909	4,132	12,435	-	1,000	32,476
<b>TOTAL RECEIPTS</b>	<u>1,994,543</u>	<u>1,623,859</u>	<u>734,086</u>	<u>829</u>	<u>77,951</u>	<u>4,431,268</u>
<b>DISBURSEMENTS</b>						
General Government	1,214,486	-	31,596	62,146	599	1,308,827
Public Safety	570,373	-	24,167	-	82,700	677,240
Public Works	18,843	1,878,113	3,000	-	3,962	1,903,918
Health and Sanitation	6,120	-	12,698	-	-	18,818
Public Assistance	14,290	-	-	-	7,919	22,209
Culture and Recreation	-	-	-	-	2,458	2,458
<b>TOTAL DISBURSEMENTS</b>	<u>1,824,112</u>	<u>1,878,113</u>	<u>71,461</u>	<u>62,146</u>	<u>97,638</u>	<u>3,933,470</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>170,431</u>	<u>(254,254)</u>	<u>662,625</u>	<u>(61,317)</u>	<u>(19,687)</u>	<u>497,798</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	90,000	90,000	-	250,000	80,000	510,000
Transfers out	-	-	(510,000)	-	-	(510,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>90,000</u>	<u>90,000</u>	<u>(510,000)</u>	<u>250,000</u>	<u>80,000</u>	<u>-</u>
Net Change in Fund Balances	260,431	(164,254)	152,625	188,683	60,313	497,798
<b>CASH BASIS FUND BALANCES - BEGINNING</b>	<u>737,164</u>	<u>864,011</u>	<u>779,867</u>	<u>190,856</u>	<u>398,943</u>	<u>2,970,841</u>
<b>CASH BASIS FUND BALANCES - ENDING</b>	<u>\$ 997,595</u>	<u>\$ 699,757</u>	<u>\$ 932,492</u>	<u>\$379,539</u>	<u>\$ 459,256</u>	<u>\$ 3,468,639</u>

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

**NUCKOLLS COUNTY**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - CASH BASIS**  
**FIDUCIARY FUNDS**  
 June 30, 2010

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 234,343
 <b>LIABILITIES</b>	
Due to other governments	
State	80,257
Schools	113,877
Educational Service Units	1,471
Technical College	7,695
Natural Resource Districts	2,755
Fire Districts	1,864
Municipalities	19,537
Agricultural Society	1,009
Others	5,878
<b>TOTAL LIABILITIES</b>	<b>234,343</b>
 <b>TOTAL NET ASSETS</b>	 <b>\$ -</b>

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

NUCKOLLS COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2010

1. **Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

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

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 III - The County has entered into an agreement with surrounding counties and the Nebraska Health and Human Services System to provide services to carry out the provisions of the Nebraska Behavioral Health Services Act (Act). Agreements were established under the authority of the Interlocal Cooperation Act for services to be provided under the Act. The Region consists of the following counties: Blaine, Loup, Garfield, Wheeler, Custer, Valley, Greeley, Sherman, Howard, Buffalo, Hall, Phelps, Kearney, Adams, Clay, Furnas, Harlan, Hamilton, Merrick, Franklin, Webster, and Nuckolls.

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 \$9,571 toward the operation of the Region during fiscal year 2010.

NUCKOLLS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Health and Human Services System requires the Region to be audited annually in accordance with State Statute. Financial information for the Region is available in those audit reports.

Health Department – The County has entered into an agreement with South Heartland Health District (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.

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 made no contributions toward the operation of the Department during fiscal year 2010. 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. 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 was considered immaterial and have not been eliminated. Governmental GAAP would require internal activity to be eliminated to minimize double counting. The County reports governmental activities only. Governmental activities generally are financed through taxes, intergovernmental 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.

NUCKOLLS 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 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 estate taxes.

**Liability Claim Reserve Fund.** This fund is used to pay for health insurance claims which exceed premium amounts collected from payroll withholdings. It is funded by transfers from the Inheritance Fund.

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.

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

NUCKOLLS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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.

**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.

NUCKOLLS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

**Compensated Absences.** Vested or accumulated vacation leave that is liquidated with expendable available financial resources is reported as an 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 \$178,371 of restricted net assets, all of which are 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 \$939,529 for County funds and \$234,343 for Fiduciary funds. The bank balances for all funds totaled \$1,165,901. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits as of June 30, 2010, 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 \$2,529,110 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.

NUCKOLLS COUNTY

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**3. Property Taxes**

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

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

The levy set in October 2009, for the 2009 taxes which will be materially collected in May and September, 2010, was set at \$.427549/\$100 of assessed valuation. The levy set in October 2008, for the 2008 taxes which were materially collected in May and September, 2009, was set at \$.480000/\$100 of assessed valuation. The amount collected for motor vehicle tax is outlined in State Statute.

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

**4. Retirement System**

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

Participation in the Plan is required of all full time employees. Part time (working less than one-half of the regularly scheduled hours) employees may elect voluntary participation upon reaching age 20. Part time elected officials may exercise the option to join.

County employees and elected officials contribute 4.5% of their total compensation. In addition, the County contributes an amount equal to 150% of the employee's contribution. The contribution rates are established by Neb. Rev. Stat. §§ 23-2307 and 23-2308 (Reissue 2007), and may be amended through legislative action. The employee's and employer's contributions are kept in separate accounts. The employee's



NUCKOLLS COUNTY

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**4. Retirement System** (Concluded)

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

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

For the year ended June 30, 2010, 44 employees contributed \$49,205; the County contributed \$73,809. Additionally, for the year ended June 30, 2010, 5 law enforcement employees and the County contributed \$1,299 in cash contributions for the supplemental law enforcement plan. Lastly, the County paid \$1,884 directly to 17 retired employees for prior service benefits.

**5. Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association (NIRMA), a public entity risk pool currently operating as a common risk management and insurance program for 78 counties throughout Nebraska.

The County pays an annual deposit premium as calculated by the administrator of the pool. The premium is based on the losses and exposures of each County and the entire Pool. If the Pool becomes insolvent or is otherwise unable to discharge its legal liabilities and other obligations, the County may be assessed by the Board for an additional contribution equal to its contribution for the current fiscal year, divided by the contribution of all participants for such year, times the amount of such deficiency. Each such assessment, and the manner of calculating the same, shall be sent to each county in writing, and each county shall thereafter have sixty (60) days in which to pay the amount of such assessment. Each county shall remain liable for such assessments, regardless of such county's withdrawal from participation or the termination of the agreement, and for liabilities of the Pool incurred during such county's period of membership.

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

NUCKOLLS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. **Risk Management** (Concluded)

	<u>NIRMA Coverage</u>	<u>Maximum Coverage</u>
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 2011. 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, 2010, consisted of the following:

<u>Transfers to</u>	<u>Inheritance Fund</u>
General Fund	\$ 90,000
Road Fund	90,000
Liability Claim Reserve Fund	250,000
Nonmajor Funds	80,000
Total	<u>\$ 510,000</u>

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

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

For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 1,522,631	\$ 1,522,631	\$ 1,480,212	\$ (42,419)
Licenses and Permits	21,000	21,000	21,963	963
Interest	20,000	20,000	29,433	9,433
Intergovernmental	154,937	154,937	267,385	112,448
Charges for Services	145,091	145,091	180,641	35,550
Miscellaneous	3,000	3,000	14,909	11,909
<b>TOTAL RECEIPTS</b>	<u>1,866,659</u>	<u>1,866,659</u>	<u>1,994,543</u>	<u>127,884</u>
<b>DISBURSEMENTS</b>				
General Government:				
County Board	111,541	111,541	108,607	2,934
County Clerk	127,019	127,019	124,802	2,217
County Treasurer	132,838	132,838	132,529	309
County Assessor	135,970	135,970	130,175	5,795
Election Commissioner	51,264	51,264	34,517	16,747
Clerk of the District Court	58,261	58,261	57,750	511
County Court System	4,475	4,475	2,900	1,575
Building and Grounds	384,475	384,475	219,422	165,053
Agricultural Extension Agent	64,139	64,139	63,469	670
Miscellaneous	670,717	670,717	340,315	330,402
Public Safety:				
County Sheriff	268,599	268,599	248,654	19,945
County Attorney	93,762	93,762	93,798	(36)
County Jail	248,491	248,491	226,269	22,222
Miscellaneous	13,000	13,000	1,652	11,348
Public Works:				
Miscellaneous	20,719	20,719	18,843	1,876
Public Health:				
Miscellaneous	6,800	6,800	6,120	680
Public Assistance:				
Veterans' Service Officer	15,067	15,067	14,290	777
<b>TOTAL DISBURSEMENTS</b>	<u>2,407,137</u>	<u>2,407,137</u>	<u>1,824,112</u>	<u>583,025</u>

(Continued)

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

For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(540,478)	(540,478)	170,431	710,909
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	90,000	90,000	90,000	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	90,000	90,000	90,000	-
Net Change in Fund Balance	(450,478)	(450,478)	260,431	710,909
<b>FUND BALANCE - BEGINNING</b>	737,164	737,164	737,164	-
<b>FUND BALANCE - ENDING</b>	<u>\$ 286,686</u>	<u>\$ 286,686</u>	<u>\$ 997,595</u>	<u>\$ 710,909</u>

(Concluded)

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

For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 884,204	\$ 884,204	\$ 799,015	\$ (85,189)
Licenses and Permits	-	-	10	10
Intergovernmental	763,484	763,484	812,927	49,443
Charges for Services	4,389	4,389	7,775	3,386
Miscellaneous	8,100	8,100	4,132	(3,968)
<b>TOTAL RECEIPTS</b>	<u>1,660,177</u>	<u>1,660,177</u>	<u>1,623,859</u>	<u>(36,318)</u>
<b>DISBURSEMENTS</b>	<u>2,314,188</u>	<u>2,314,188</u>	<u>1,878,113</u>	<u>436,075</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(654,011)</u>	<u>(654,011)</u>	<u>(254,254)</u>	<u>399,757</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	90,000	90,000	90,000	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>	<u>-</u>
Net Change in Fund Balance	(564,011)	(564,011)	(164,254)	399,757
FUND BALANCE - BEGINNING	864,011	864,011	864,011	-
FUND BALANCE - ENDING	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 699,757</u>	<u>\$ 399,757</u>
<b>INHERITANCE FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 55,001	\$ 55,001	\$ 708,811	\$ 653,810
Interest	25,000	25,000	12,840	(12,160)
Miscellaneous	-	-	12,435	12,435
<b>TOTAL RECEIPTS</b>	<u>80,001</u>	<u>80,001</u>	<u>734,086</u>	<u>654,085</u>
<b>DISBURSEMENTS</b>	<u>349,868</u>	<u>349,868</u>	<u>71,461</u>	<u>278,407</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(269,867)</u>	<u>(269,867)</u>	<u>662,625</u>	<u>932,492</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(510,000)	(510,000)	(510,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(510,000)</u>	<u>(510,000)</u>	<u>(510,000)</u>	<u>-</u>
Net Change in Fund Balance	(779,867)	(779,867)	152,625	932,492
FUND BALANCE - BEGINNING	779,867	779,867	779,867	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 932,492</u>	<u>\$ 932,492</u>

(Continued)

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

For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>LIABILITY CLAIM RESERVE FUND</u></b>				
<b>RECEIPTS</b>				
Interest	\$ 1,500	\$ 1,500	\$ 829	\$ (671)
<b>TOTAL RECEIPTS</b>	<u>1,500</u>	<u>1,500</u>	<u>829</u>	<u>(671)</u>
<b>DISBURSEMENTS</b>	<u>442,356</u>	<u>442,356</u>	<u>62,146</u>	<u>380,210</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(440,856)</u>	<u>(440,856)</u>	<u>(61,317)</u>	<u>379,539</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	250,000	250,000	250,000	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Net Change in Fund Balance	(190,856)	(190,856)	188,683	379,539
FUND BALANCE - BEGINNING	190,856	190,856	190,856	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 379,539</u>	<u>\$ 379,539</u>

(Concluded)

## NUCKOLLS COUNTY

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2010

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

On or before August 1, the county budget-making authority prepares and transmits a budget for each County fund to the County Board. The budget includes the requirements, the outstanding warrants, the operating reserves to be maintained, the cash on hand at the close of the preceding fiscal year, the 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 shall adopt the budget and appropriate the amounts specified in the budget for the departments, offices, activities, and funds of the County.

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

##### **Excess of Disbursements Over Appropriations**

For the year ended June 30, 2010, disbursements exceeded budgeted appropriations in the Attorney function of the General Fund by \$36. These over-expenditures were funded by the available fund balance in the General Fund.

NUCKOLLS COUNTY  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2010

	Civil Defense Fund	GIS Fund	Extension Service Sinking Fund	Visitor's Promotion Fund	Relief- Medical Fund	Veteran's Aid Fund	Diversion Program Fund
<b>RECEIPTS</b>							
Property Taxes	\$ 9,529	\$ -	\$ -	\$ 4,934	\$ -	\$ -	\$ -
Interest	-	-	-	-	2,945	-	-
Intergovernmental	16,250	-	-	-	46	-	-
Charges for Services	-	-	-	-	-	-	520
Miscellaneous	1,000	-	-	-	-	-	-
<b>TOTAL RECEIPTS</b>	<u>26,779</u>	<u>-</u>	<u>-</u>	<u>4,934</u>	<u>2,991</u>	<u>-</u>	<u>520</u>
<b>DISBURSEMENTS</b>							
General Government	-	-	599	-	-	-	-
Public Safety	58,465	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-
Public Assistance	-	-	-	-	7,919	-	-
Culture and Recreation	-	-	-	2,458	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>58,465</u>	<u>-</u>	<u>599</u>	<u>2,458</u>	<u>7,919</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(31,686)</u>	<u>-</u>	<u>(599)</u>	<u>2,476</u>	<u>(4,928)</u>	<u>-</u>	<u>520</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	55,000	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>55,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	23,314	-	(599)	2,476	(4,928)	-	520
<b>FUND BALANCES - BEGINNING</b>	<u>-</u>	<u>35,525</u>	<u>5,500</u>	<u>1,080</u>	<u>195,704</u>	<u>3,681</u>	<u>3,325</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 23,314</u>	<u>\$ 35,525</u>	<u>\$ 4,901</u>	<u>\$ 3,556</u>	<u>\$ 190,776</u>	<u>\$ 3,681</u>	<u>\$ 3,845</u>

(Continued)



NUCKOLLS COUNTY  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2010

	Drug Law Enforcement Fund	Canine (K-9) Fund	Homeland Security Federal Grant Fund	Noxious Weed Fund	911 Emergency Services Fund	Total Nonmajor Governmental Funds
<b>RECEIPTS</b>						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 23,772	\$ 38,235
Interest	-	-	-	141	2,391	5,477
Intergovernmental	-	-	-	-	12,346	28,642
Charges for Services	247	-	-	-	3,830	4,597
Miscellaneous	-	-	-	-	-	1,000
<b>TOTAL RECEIPTS</b>	<u>247</u>	<u>-</u>	<u>-</u>	<u>141</u>	<u>42,339</u>	<u>77,951</u>
<b>DISBURSEMENTS</b>						
General Government	-	-	-	-	-	599
Public Safety	-	374	-	-	23,861	82,700
Public Works	-	-	-	3,962	-	3,962
Public Assistance	-	-	-	-	-	7,919
Culture and Recreation	-	-	-	-	-	2,458
<b>TOTAL DISBURSEMENTS</b>	<u>-</u>	<u>374</u>	<u>-</u>	<u>3,962</u>	<u>23,861</u>	<u>97,638</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>247</u>	<u>(374)</u>	<u>-</u>	<u>(3,821)</u>	<u>18,478</u>	<u>(19,687)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	25,000	-	80,000
Transfers out	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>80,000</u>
Net Change in Fund Balances	247	(374)	-	21,179	18,478	60,313
<b>FUND BALANCES - BEGINNING</b>	<u>792</u>	<u>1,719</u>	<u>-</u>	<u>-</u>	<u>151,617</u>	<u>398,943</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 1,039</u>	<u>\$ 1,345</u>	<u>\$ -</u>	<u>\$ 21,179</u>	<u>\$ 170,095</u>	<u>\$ 459,256</u>

(Concluded)

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

For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>CIVIL DEFENSE FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 16,172	\$ 16,172	\$ 9,529	\$ (6,643)
Intergovernmental	-	-	16,250	16,250
Miscellaneous	1,000	1,000	1,000	-
<b>TOTAL RECEIPTS</b>	<u>17,172</u>	<u>17,172</u>	<u>26,779</u>	<u>9,607</u>
<b>DISBURSEMENTS</b>	<u>72,172</u>	<u>72,172</u>	<u>58,465</u>	<u>13,707</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	55,000	55,000	55,000	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<u>55,000</u>	<u>55,000</u>	<u>55,000</u>	<u>-</u>
Net Change in Fund Balance	-	-	23,314	23,314
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,314</u>	<u>\$ 23,314</u>
<b>GIS FUND</b>				
<b>RECEIPTS</b>				
	\$ -	\$ -	\$ -	\$ -
<b>DISBURSEMENTS</b>				
	35,525	35,525	-	35,525
<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	(35,525)	(35,525)	-	35,525
FUND BALANCE - BEGINNING	35,525	35,525	35,525	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,525</u>	<u>\$ 35,525</u>

(Continued)

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

For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>EXTENSION SERVICE SINKING FUND</u></b>				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	5,500	5,500	599	4,901
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balance	(5,500)	(5,500)	(599)	4,901
FUND BALANCE - BEGINNING	5,500	5,500	5,500	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,901</u>	<u>\$ 4,901</u>
 <b><u>VISITOR'S PROMOTION FUND</u></b>				
RECEIPTS				
Taxes	\$ 4,000	\$ 4,000	\$ 4,934	\$ 934
TOTAL RECEIPTS	4,000	4,000	4,934	934
DISBURSEMENTS	5,080	5,080	2,458	2,622
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balance	(1,080)	(1,080)	2,476	3,556
FUND BALANCE - BEGINNING	1,080	1,080	1,080	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,556</u>	<u>\$ 3,556</u>

(Continued)

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

For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>RELIEF-MEDICAL FUND</b>				
<b>RECEIPTS</b>				
Interest	\$ 7,000	\$ 7,000	\$ 2,945	\$ (4,055)
Intergovernmental	46	46	46	-
<b>TOTAL RECEIPTS</b>	<u>7,046</u>	<u>7,046</u>	<u>2,991</u>	<u>(4,055)</u>
<b>DISBURSEMENTS</b>	<u>182,750</u>	<u>182,750</u>	<u>7,919</u>	<u>174,831</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	(175,704)	(175,704)	(4,928)	170,776
FUND BALANCE - BEGINNING	195,704	195,704	195,704	-
FUND BALANCE - ENDING	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 190,776</u>	<u>\$ 170,776</u>
<b>VETERAN'S AID FUND</b>				
<b>RECEIPTS</b>				
	\$ -	\$ -	\$ -	\$ -
<b>DISBURSEMENTS</b>	<u>3,681</u>	<u>3,681</u>	<u>-</u>	<u>3,681</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	(3,681)	(3,681)	-	3,681
FUND BALANCE - BEGINNING	3,681	3,681	3,681	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,681</u>	<u>\$ 3,681</u>

(Continued)

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

For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>DIVERSION PROGRAM FUND</u></b>				
<b>RECEIPTS</b>				
Charges for Services	\$ 500	\$ 500	\$ 520	\$ 20
<b>TOTAL RECEIPTS</b>	<b>500</b>	<b>500</b>	<b>520</b>	<b>20</b>
DISBURSEMENTS	3,825	3,825	-	3,825
<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	(3,325)	(3,325)	520	3,845
FUND BALANCE - BEGINNING	3,325	3,325	3,325	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,845</u>	<u>\$ 3,845</u>
<b><u>DRUG LAW ENFORCEMENT FUND</u></b>				
<b>RECEIPTS</b>				
Charges for Services	\$ 50	\$ 50	\$ 247	\$ 197
<b>TOTAL RECEIPTS</b>	<b>50</b>	<b>50</b>	<b>247</b>	<b>197</b>
DISBURSEMENTS	842	842	-	842
<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	(792)	(792)	247	1,039
FUND BALANCE - BEGINNING	792	792	792	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,039</u>	<u>\$ 1,039</u>

(Continued)

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

For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>CANINE (K-9) FUND</b>				
<b>RECEIPTS</b>				
Miscellaneous	\$ 18,281	\$ 18,281	\$ -	\$ (18,281)
<b>TOTAL RECEIPTS</b>	<u>18,281</u>	<u>18,281</u>	<u>-</u>	<u>(18,281)</u>
<b>DISBURSEMENTS</b>	<u>20,000</u>	<u>20,000</u>	<u>374</u>	<u>19,626</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	(1,719)	(1,719)	(374)	1,345
FUND BALANCE - BEGINNING	1,719	1,719	1,719	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,345</u>	<u>\$ 1,345</u>
<b>HOMELAND SECURITY FEDERAL GRANT FUND</b>				
<b>RECEIPTS</b>				
Intergovernmental	\$ 200,000	\$ 200,000	\$ -	\$ (200,000)
<b>TOTAL RECEIPTS</b>	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>
<b>DISBURSEMENTS</b>	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>200,000</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)

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

For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>NOXIOUS WEED FUND</b>				
<b>RECEIPTS</b>				
Interest	\$ -	\$ -	\$ 141	\$ 141
Charges for Services	700	700	-	(700)
<b>TOTAL RECEIPTS</b>	<u>700</u>	<u>700</u>	<u>141</u>	<u>(559)</u>
<b>DISBURSEMENTS</b>	<u>5,700</u>	<u>5,700</u>	<u>3,962</u>	<u>1,738</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	25,000	25,000	25,000	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Net Change in Fund Balance	20,000	20,000	21,179	1,179
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 21,179</u>	<u>\$ 1,179</u>
<b>911 EMERGENCY SERVICES FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 23,500	\$ 23,500	\$ 23,772	\$ 272
Interest	2,400	2,400	2,391	(9)
Intergovernmental	16,374	16,374	12,346	(4,028)
Charges for Services	480	480	3,830	3,350
Miscellaneous	5,500	5,500	-	(5,500)
<b>TOTAL RECEIPTS</b>	<u>48,254</u>	<u>48,254</u>	<u>42,339</u>	<u>(5,915)</u>
<b>DISBURSEMENTS</b>	<u>199,871</u>	<u>199,871</u>	<u>23,861</u>	<u>176,010</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	(151,617)	(151,617)	18,478	170,095
FUND BALANCE - BEGINNING	151,617	151,617	151,617	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170,095</u>	<u>\$ 170,095</u>

(Concluded)

NUCKOLLS COUNTY  
**SCHEDULE OF OFFICE ACTIVITIES**  
For the Year Ended June 30, 2010

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Highway Superintendent	Extension Office	Total
BALANCE JULY 1, 2009	\$ 3,621	\$ 13,300	\$ 1,603	\$ 208	\$ 134	\$ 4,460	\$ 23,326
<b>RECEIPTS</b>							
Licenses and Permits	504	-	-	-	-	-	504
Charges for Services	26,967	54,065	8,107	-	11,782	-	100,921
State Fees	28,522	-	-	-	-	-	28,522
Other Liabilities	-	49,042	703	17,437	-	2,017	69,199
<b>TOTAL RECEIPTS</b>	<u>55,993</u>	<u>103,107</u>	<u>8,810</u>	<u>17,437</u>	<u>11,782</u>	<u>2,017</u>	<u>199,146</u>
<b>DISBURSEMENTS</b>							
Payments to County Treasurer	28,147	5,127	7,717	-	11,916	-	52,907
Payments to State Treasurer	29,175	48,389	-	-	-	-	77,564
Other Liabilities	-	49,922	903	17,415	-	2,555	70,795
<b>TOTAL DISBURSEMENTS</b>	<u>57,322</u>	<u>103,438</u>	<u>8,620</u>	<u>17,415</u>	<u>11,916</u>	<u>2,555</u>	<u>201,266</u>
BALANCE JUNE 30, 2010	<u>\$ 2,292</u>	<u>\$ 12,969</u>	<u>\$ 1,793</u>	<u>\$ 230</u>	<u>\$ -</u>	<u>\$ 3,922</u>	<u>\$ 21,206</u>
<b>BALANCE CONSISTS OF:</b>							
Due to County Treasurer	\$ 1,442	\$ 309	\$ 1,793	\$ -	\$ -	\$ -	\$ 3,544
Petty Cash	-	-	-	-	-	25	25
Due to State Treasurer	850	719	-	-	-	-	1,569
Due to Others	-	11,941	-	230	-	3,897	16,068
BALANCE JUNE 30, 2010	<u>\$ 2,292</u>	<u>\$ 12,969</u>	<u>\$ 1,793</u>	<u>\$ 230</u>	<u>\$ -</u>	<u>\$ 3,922</u>	<u>\$ 21,206</u>



NUCKOLLS COUNTY  
**SCHEDULE OF TAXES CERTIFIED AND COLLECTED**  
**FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY**  
June 30, 2010

Item	2005	2006	2007	2008	2009
<b>Tax Certified by Assessor</b>					
Real Estate	\$ 5,981,428	\$ 6,618,198	\$ 6,574,736	\$ 6,846,650	\$ 7,475,296
Personal and Specials	622,688	618,514	581,088	657,137	1,291,108
<b>Total</b>	<b>6,604,116</b>	<b>7,236,712</b>	<b>7,155,824</b>	<b>7,503,787</b>	<b>8,766,404</b>
<b>Corrections</b>					
Additions	1,300	252	-	983	-
Deductions	(3,052)	(110)	(103)	-	(242)
Net Additions/ (Deductions)	(1,752)	142	(103)	983	(242)
<b>Corrected Certified Tax</b>	<b>6,602,364</b>	<b>7,236,854</b>	<b>7,155,721</b>	<b>7,504,770</b>	<b>8,766,162</b>
<b>Net Tax Collected by</b>					
County Treasurer during					
Fiscal Year Ending:					
June 30, 2006	3,902,160	-	-	-	-
June 30, 2007	2,673,136	4,227,079	-	-	-
June 30, 2008	17,249	2,982,510	4,265,950	-	-
June 30, 2009	2,818	16,724	2,863,913	4,607,630	-
June 30, 2010	1,243	3,483	15,878	2,879,052	5,458,614
<b>Total Net Collections</b>	<b>6,596,606</b>	<b>7,229,796</b>	<b>7,145,741</b>	<b>7,486,682</b>	<b>5,458,614</b>
<b>Total Uncollected Tax</b>	<b>\$ 5,758</b>	<b>\$ 7,058</b>	<b>\$ 9,980</b>	<b>\$ 18,088</b>	<b>\$ 3,307,548</b>
<b>Percentage Uncollected Tax</b>	<b>0.09%</b>	<b>0.10%</b>	<b>0.14%</b>	<b>0.24%</b>	<b>37.73%</b>



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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NUCKOLLS 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  
Nuckolls County, Nebraska

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Nuckolls County as of and for the year ended June 30, 2010, and have issued our report thereon dated April 4, 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 Nuckolls 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 Nuckolls 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 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.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nuckolls 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 Nuckolls County in a separate letter dated April 4, 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

April 4, 2011

Deann Haeffner, CPA  
Assistant Deputy Auditor



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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April 4, 2011

Board of Commissioners  
Nuckolls County, Nebraska

Dear Commissioners:

We have audited the basic financial statements of Nuckolls County (County) for the fiscal year ended June 30, 2010, and have issued our report thereon dated April 4, 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. 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

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### **Vendor and Payroll Claims**

Good internal control procedures require adequate supporting documentation be maintained to support all expenditures approved by the County Board.

During testing of vendor and payroll claims, the following was noted:

Four vendor claims tested, totaling \$2,178, did not have adequate supporting documentation on file:

- \$155 election worker claim did not have supporting documentation for the rate of pay.
- \$1,800 claim to pay monthly public defender fees did not have a current contract on file.
- \$38 employee meal/mileage reimbursement did not include itemized meal receipts.
- \$185 purchase by the Emergency Manager using the County credit card.

Various deficiencies were noted with regard to payroll approval and coding:

- The County Board approved total payroll wages which did not include payroll of the elected officials.
- Wages of one employee tested could not be traced to approval by the County Board.
- One payroll claim did not have a properly approved timesheet.
- One employee's payroll was coded to the incorrect General Fund budget function.

When adequate supporting documentation is not obtained for all claims submitted to the County Board for approval, there is an increased risk of loss, theft, or misuse of County funds.

We recommend the County Board require all submitted claims, both vendor and payroll, have adequate supporting documentation. We also recommend the County Board approve all payroll claims; all hourly wage rates be approved by the County Board and/or elected official; all timesheets be properly approved; and all expenditures be properly coded.

*County's Response: The County Attorney is currently getting the contract updated for the Public Defender. Procedures will be changed to show Board approval and publication of the Elected Officials Salaries; procedures will be changed to receive Board approval for Election workers pay; the County Clerk will enforce that proper documentation is provided with each claim; and the County Clerk will enforce proper paperwork for employees files.*

### **Bidding Requirements**

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

twenty thousand dollars or more; (b) By securing and recording at least three informal bids, if practicable, if the estimated value of the purchase is equal to or exceeds five thousand dollars, but is less than twenty thousand dollars; or (c) By purchasing in the open market if the estimated value of the purchase is less than five thousand dollars, subject to section 23-3112....”

Two disbursements, totaling \$58,678, did not have adequate evidence of the County having secured appropriate bids:

- \$30,791 county bridge project
- \$27,887 vehicle purchase

When required bidding procedures are not consistently followed the County is noncompliant with State Statute.

We recommend the County Board ensure bidding requirements are followed for all purchases in accordance with State Statute.

### **Vending Machine Activity**

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 by § 77-1702, and all other money which is by law directed to be paid to him or her....” Neb. Rev. Stat. § 13-2203 (Reissue 2007), regarding miscellaneous additional expenditures of governing bodies, allows for “...the expenditure of public funds for the payment or reimbursement of *actual and necessary* expenses incurred by elected and appointed officials, employees, or volunteers....” In addition, good internal control procedures require adequate supporting documentation be maintained to support all expenditures.

During our audit we noted various deficiencies with regard to how vending machines located in the County Courthouse were administered:

- \$799 in vending machine proceeds received in the fiscal year ended June 30, 2010, were not remitted to the County Treasurer. Monies were held as cash in a cardboard box in the County Clerk’s office vault.
- Total purchases made from the accumulated vending machine proceeds, totaled \$1,593 during the fiscal year ended June 30, 2010, and included such things as employee gifts, flowers, and party supplies as well as the purchase of a \$499 refrigerator for use by County employees. A \$50 “Christmas gift” purchase could not be traced to supporting documentation.

When all monies received by the County are not remitted to the County Treasurer and all purchases are not made in accordance with State Statute and through the claim and warrant process, the County is noncompliant with State Statute.

We recommend all monies received by the County, including vending machine proceeds, be remitted to the County Treasurer. Furthermore, all purchases should be approved by the County Board through the claim and warrant process and allowable per State Statute.

*County's Response: All vending machine funds have been remitted to the County Treasurer and proper procedures will be established for these funds.*

### **Imprest Account Procedures**

Neb. Rev. Stat. § 23-106 (Reissue 2007) requires all petty cash funds approved by the County Board be stated in the budget message of the County budget document. Good internal control procedures require all petty cash funds be maintained on an imprest basis with reimbursements to the funds made in a timely manner. In addition, Neb. Rev. Stat. § 23-1601 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 by § 77-1702, and all other money which is by law directed to be paid to him or her...."

During our audit, we noted the following:

- The \$1,000 approved balance for the County's imprest bank account was not disclosed in the budget message and the account was not reconciled to the authorized amount as of June 30, 2010.
- Bank service charges incurred on the imprest bank account were not claimed to the County Board and interest proceeds were not remitted to the County Treasurer.

When all approved petty cash funds are not disclosed in the budget message of the County budget document, and such accounts are not maintained at an authorized amount there is an increased risk of loss, theft, or misuse of County funds.

We recommend all petty cash funds be disclosed in the budget message of the County budget document and all such funds be maintained at an authorized amount, including, if the funds are held in a bank account, timely deposit of interest proceeds, and the claiming of bank service charges to the County Board.

*County's Response: Board approval was made on March 28, 2011 to change the Imprest Account to a Non-interest bearing account with no service charge and with unlimited FDIC until December 31, 2012. All petty cash funds will be remitted to the County Treasurer by April 15, 2011.*

### **Budget Authority**

Neb. Rev. Stat. § 23-916 (Reissue 2007) states, in part, "...After the adoption of the county budget, no officer, department or other expending agency shall expend or contract to be expended any money, or incur any liability, or enter into any contract which, by its terms, involves the expenditure of money not provided for in the budget, or which involves the expenditure of any money for any of the purposes for which provision is made in the budget in excess of the amounts provided in said budget for such office, department or other expending agency, or purpose, for such fiscal year...."

During our audit we noted the County Attorney budget was overspent by \$36.

When expenditures are made in excess of amounts budgeted with no appropriation adjustments by the County Board to address those excesses; the County is noncompliant with State statute.

We recommend the County Board implement procedures to closely monitor its budget status on an ongoing basis to avoid individual funds from incurring expenses in excess of amounts budgeted.

*County's Response: The Budget Authority will review individual budgets with more diligence to assure no funds exceed their budget limits.*

### **Audit Report Publication**

Neb. Rev. Stat. § 23-1608 (Reissue 2007) states, in part, "...the county board shall cause to be published in the same manner as the proceedings of the county board a brief statement disclosing the conclusion of the examination and audit and that such audit report is on file with the county clerk...."

Release and public availability of the 2009 Nuckolls County audit report was not published. When the release of an audit report and its availability to the public is not published, there is an increased lack of public transparency and/or accountability to the taxpayers and the public in general.

We recommend the County Board, in accordance with State statute, publish the release and availability of the audit report within 10 days after issuance.

*County's Response: The County Clerk will cause the Audit Report Notice to be published in the County Newspaper within 10 days of receiving.*

## **COUNTY SHERIFF**

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### **Remittance of Fees**

A good internal control plan requires all monies received be receipted and all checks be restrictively endorsed immediately upon receipt. In addition, sound accounting practices require adequate records be maintained to account for all bond money received. Lastly, sound accounting practices require periodic, timely balancing procedures to ensure complete and accurate accounting for all funds.

During the audit, we noted the following:

- Money collected by the County Sheriff is not consistently receipted when received.
- There is no record of bond money received by the County Sheriff for Nuckolls County Court and/or District Court cases.
- There is no record of overpayments from fees collected in advance.
- Forty-three checks on hand, totaling \$1,395, at time of audit were not restrictively endorsed.



- The composition of cash, receivables, and payables was maintained on a day to day basis but an accounting record sufficient to detail the composition of \$1,790 in cash, receivables, and payables on hand at June 30, 2010, was not maintained by the County Sheriff and could not be determined from the County Sheriff's records.

When all monies received are not receipted, checks are not restrictively endorsed immediately upon receipt, and adequate, timely accounting and balancing procedures are not in place to document receipt of all monies received with composition of funds held, there is an increased risk of loss, theft, or misuse of funds.

We recommend procedures be implemented to include receipt of all monies received, restrictive endorsement of all checks received, and timely accounting and balancing procedures with adequate records maintained for audit.

### **Sheriff Fees Not Remitted Timely**

Neb. Rev. Stat. § 33-117, states, in part, "...the sheriff shall, on the first Tuesday in January, April, July, and October of each year, make a report to the county board showing (a) the different items of fees, except mileage, collected or earned, from whom, at what time, and for what service, (b) the total amount of the fees collected or earned by the officer since the last report, and (c) the amount collected or earned for the current year. He or she shall pay all fees earned to the county treasurer who shall credit the fees to the general fund of the county...."

During the audit, we noted the following:

- 7 of 12 months of sheriff service fees earned were not remitted to the County Treasurer, or reported to the County Board, in a timely manner.
- \$60 in motor vehicle inspection fees collected were not remitted to the County Treasurer during the fiscal year ended June 30, 2010.

When fees earned are not remitted to the County Treasurer and reported to the County Board, the County Sheriff is noncompliant with State Statute.

We recommend the County Sheriff implement procedures to ensure all fees earned are remitted to the County Treasurer and are reported to the County Board in a timely manner.

## **COUNTY HIGHWAY SUPERINTENDENT**

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### **Unit Price Charges**

A good internal control plan requires all prices charged for surplus supplies be adequately documented and/or approved by the County Board.

During testing we noted one invoice in which 4 of 7 unit prices charged, ranging from \$1.47 to \$20.83, could not be traced to supporting documentation and/or approval by the County Board.

When rates charged to customers for the sale of surplus supplies are not adequately supported and/or approved, there is an increased risk of loss, theft, or misuse of funds.

We recommend the County Highway Superintendent have County Board approval for all unit prices charged.

## **COUNTY EXTENSION OFFICE**

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### **Cooperative Extension Bank Account**

A good internal control plan would require the County be aware of all bank accounts established under the County's Federal Tax Identification Number (FTIN) and exercise adequate control over such bank accounts.

During our audit we noted the County Extension Office has one bank account established under the County's FTIN which had a \$3,897 bank balance at June 30, 2010; however, it is unclear whether the activity in the account, which is largely educational and programming related, was County or University related. A comment regarding the unclear nature of financial activity in Cooperative Extension offices throughout the State was noted in the University of Nebraska's Management Letter issued by the Nebraska Auditor of Public Accounts for the fiscal year ended June 30, 2010.

When internal controls and policies and procedures are not in place to identify all bank accounts with the County's FTIN, there is a greater risk that controls over such bank accounts may not be in place to ensure they are being used in accordance with County policies.

We recommend the County Board and the University work together to determine if this bank account is related to County or University activity. If it is determined to be a University bank account the account ownership should be changed to the University's FTIN. If it is determined to be a County bank account, we recommend the County implement procedures to record and report the activity to the County Board in accordance with Board policies and State Statutes.

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

Draft copies of this report were furnished to the County to provide them an opportunity to review the report and to respond to the comments and recommendations included in this report. All formal responses received have been incorporated into this report. Where no response has been included, the County declined to respond. Responses have been objectively evaluated and recognized, as appropriate, in the report. Responses that indicate corrective action has been taken were not verified at this time, but will be verified in the next audit.

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

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

Sincerely,

Signed Original on File

Deann Haeffner, CPA  
Assistant Deputy Auditor