

**AUDIT REPORT  
OF  
RICHARDSON COUNTY**

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

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**Modification of this document may change the accuracy of the original  
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**Issued on February 17, 2011**

RICHARDSON COUNTY

TABLE OF CONTENTS

	<u>Page</u>
<b>List of County Officials</b>	1
<b>Financial Section</b>	
Independent Auditors' Report	2 - 3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets - Cash Basis	4
Statement of Activities - Cash Basis	5
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds	6
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Governmental Funds	7
Statement of Fiduciary Assets and Liabilities - Cash Basis - Fiduciary Funds	8
Notes to Financial Statements	9 - 16
Required Supplementary Information:	
Budgetary Comparison Schedule - Budget and Actual - General Fund	17 - 18
Budgetary Comparison Schedule - Budget and Actual - Major Funds	19 - 20
Notes to Required Supplementary Information	21
Combining Statements and Schedules:	
Combining Statement of Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Nonmajor Governmental Funds	22 - 23
Budgetary Comparison Schedule - Budget and Actual - Nonmajor Funds	24 - 30
Schedule of Office Activities	31
Schedule of Taxes Certified and Collected for All Political Subdivisions in the County	32
<b>Government Auditing Standards Section</b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	33 - 34

RICHARDSON COUNTY  
**LIST OF COUNTY OFFICIALS**  
 At June 30, 2010

Name	Title	Term Expires
James Sefried	Board of Commissioners	Jan. 2011
David Sickel		Jan. 2013
Bill Ely		Jan. 2013
Regina Cummings	Assessor	Jan. 2011
Doug Merz	Attorney	Jan. 2011
Mary Eickhoff	Clerk Election Commissioner Register of Deeds	Jan. 2011
Pamela Scott	Clerk of the District Court	Jan. 2011
Vernon Buckminster	Sheriff	Jan. 2011
Sherry Huppert	Treasurer	Jan. 2011
Ralph Huettner	Veterans' Service Officer	Appointed
Marvin Palmer	Weed Superintendent	Appointed
Scott Huppert	Highway Superintendent	Appointed



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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### RICHARDSON COUNTY

### INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Richardson County, Nebraska

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Richardson County, as of and for the year ended June 30, 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 Richardson 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 February 9, 2011, on our consideration of Richardson County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The budgetary comparison information is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We 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

February 9, 2011

Deann Haeffner, CPA  
Assistant Deputy Auditor

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

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents (Note 1.D)	\$ 758,734
Investments (Note 1.D)	435,924
<b>TOTAL ASSETS</b>	<b>\$ 1,194,658</b>
 <b>NET ASSETS</b>	
Restricted for:	
Visitor's Promotion	\$ 50,770
Other Purposes	5,737
Unrestricted	1,138,151
<b>TOTAL NET ASSETS</b>	<b>\$ 1,194,658</b>

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

RICHARDSON COUNTY  
**STATEMENT OF ACTIVITIES - CASH BASIS**  
For the Year Ended June 30, 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	\$ (1,902,901)	\$ 251,224	\$ 64,708	\$ (1,586,969)
Public Safety	(1,128,413)	117,478	117,814	(893,121)
Public Works	(2,766,594)	3,300	922,755	(1,840,539)
Health and Sanitation	(45,434)	-	-	(45,434)
Public Assistance	(85,368)	-	7,121	(78,247)
Culture and Recreation	(20,975)	-	-	(20,975)
Capital Outlay	(82,061)	-	-	(82,061)
<b>Total Governmental Activities</b>	<b><u>\$ (6,031,746)</u></b>	<b><u>\$ 372,002</u></b>	<b><u>\$ 1,112,398</u></b>	<b><u>(4,547,346)</u></b>

General Receipts:

Property Taxes	3,300,768
Grants and Contributions Not Restricted to Specific Programs	348,531
Investment Income	28,321
Licenses and Permits	33,224
Miscellaneous	110,881
<b>Total General Receipts</b>	<b><u>3,821,725</u></b>
Change in Net Assets	(725,621)
Net Assets - Beginning	1,920,279
Net Assets - Ending	<b><u>\$ 1,194,658</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, 2010

	General Fund	Road Fund	Inheritance Fund	Natural Disaster Fund	Federal Matching Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents (Note 1.D)	\$ 128,677	\$ 102,444	\$ 13,113	\$ 128,006	\$ 238,841	\$ 147,653	\$ 758,734
Investments (Note 1.D)	185,924	-	250,000	-	-	-	435,924
<b>TOTAL ASSETS</b>	<u>\$ 314,601</u>	<u>\$ 102,444</u>	<u>\$ 263,113</u>	<u>\$ 128,006</u>	<u>\$ 238,841</u>	<u>\$ 147,653</u>	<u>\$ 1,194,658</u>
<b>FUND BALANCES</b>							
Unreserved, reported in:							
General fund	\$ 314,601	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 314,601
Special revenue funds	-	102,444	263,113	128,006	238,841	147,653	880,057
<b>TOTAL CASH BASIS FUND BALANCES</b>	<u>\$ 314,601</u>	<u>\$ 102,444</u>	<u>\$ 263,113</u>	<u>\$ 128,006</u>	<u>\$ 238,841</u>	<u>\$ 147,653</u>	<u>\$ 1,194,658</u>

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, 2010

	General Fund	Road Fund	Inheritance Fund	Natural Disaster Fund	Federal Matching Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>							
Property Taxes	\$3,017,004	\$ -	\$ 245,896	\$ -	\$ -	\$ 37,868	\$ 3,300,768
Licenses and Permits	33,124	100	-	-	-	-	33,224
Interest	28,313	-	-	-	-	8	28,321
Intergovernmental	422,298	922,912	-	58,429	-	57,290	1,460,929
Charges for Services	365,520	3,300	-	-	-	3,182	372,002
Miscellaneous	74,278	18,712	17,891	-	-	-	110,881
<b>TOTAL RECEIPTS</b>	<u>3,940,537</u>	<u>945,024</u>	<u>263,787</u>	<u>58,429</u>	<u>-</u>	<u>98,348</u>	<u>5,306,125</u>
<b>DISBURSEMENTS</b>							
General Government	1,855,129	-	31,835	-	-	15,937	1,902,901
Public Safety	1,005,386	-	54,589	-	-	68,438	1,128,413
Public Works	10,442	2,742,828	-	-	-	13,324	2,766,594
Health and Sanitation	45,434	-	-	-	-	-	45,434
Public Assistance	59,787	-	-	-	-	25,581	85,368
Culture and Recreation	-	-	15,000	-	-	5,975	20,975
Capital Outlay	-	-	-	-	-	82,061	82,061
<b>TOTAL DISBURSEMENTS</b>	<u>2,976,178</u>	<u>2,742,828</u>	<u>101,424</u>	<u>-</u>	<u>-</u>	<u>211,316</u>	<u>6,031,746</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>964,359</u>	<u>(1,797,804)</u>	<u>162,363</u>	<u>58,429</u>	<u>-</u>	<u>(112,968)</u>	<u>(725,621)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	283,027	1,399,037	-	-	-	4,933	1,686,997
Transfers out	(1,203,970)	-	(185,000)	(251,851)	-	(46,176)	(1,686,997)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(920,943)</u>	<u>1,399,037</u>	<u>(185,000)</u>	<u>(251,851)</u>	<u>-</u>	<u>(41,243)</u>	<u>-</u>
Net Change in Fund Balances	43,416	(398,767)	(22,637)	(193,422)	-	(154,211)	(725,621)
<b>CASH BASIS FUND BALANCES - BEGINNING</b>	<u>271,185</u>	<u>501,211</u>	<u>285,750</u>	<u>321,428</u>	<u>238,841</u>	<u>301,864</u>	<u>1,920,279</u>
<b>CASH BASIS FUND BALANCES - ENDING</b>	<u>\$ 314,601</u>	<u>\$ 102,444</u>	<u>\$ 263,113</u>	<u>\$128,006</u>	<u>\$238,841</u>	<u>\$ 147,653</u>	<u>\$ 1,194,658</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, 2010

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 375,392
 <b>LIABILITIES</b>	
Due to other governments	
State	145,134
Schools	162,134
Educational Service Units	2,704
Technical College	4,901
Natural Resource Districts	3,259
Fire Districts	2,003
Municipalities	30,460
Agricultural Society	368
Drainage Districts	6
Others	24,423
<b>TOTAL LIABILITIES</b>	<b>375,392</b>
 <b>TOTAL NET ASSETS</b>	 <b>\$ -</b>

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

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2010

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 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 V - The County has entered into an agreement with surrounding counties and the Nebraska Health and Human Services System to provide services to carry out the provisions of the Nebraska Behavioral Health Services Act (Act). Agreements were established under the authority of the Interlocal Cooperation Act for services to be provided under the Act. The Region consists of the following counties: Polk, Butler, Saunders, Seward, Lancaster, Otoe, Fillmore, Saline, Thayer, Jefferson, Gage, Johnson, Nemaha, Pawnee, York, and Richardson.

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of federal, state, local, and private funding. The County contributed \$32,853 toward the operation of the Region 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 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.

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Health Department – The County has entered into an agreement with Southeast District Health Department (Department) to provide public health services. Agreements were established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636.

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 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.

**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.

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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.

**Natural Disaster Fund.** This fund is used to account for receipts and expenditures related to replacement of damaged infrastructure due to natural disasters.

**Federal Matching Fund.** This fund is used to account for county expenditures for matching on Federal road projects.

The County reports the following additional fund types:

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

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

**Capital Project Funds.** These funds account for all resources received and used for the acquisition or development of major capital improvements.

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.

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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.

**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.

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 \$56,507 of restricted net assets, which is restricted by enabling legislation.

2. **Deposits and Investments**

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

At year end, the County's carrying amount of deposits was \$758,734 for County funds and \$375,392 for Fiduciary funds. The bank balances for all funds totaled \$1,144,728. 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 \$435,924 deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a seven member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income which has accrued to each participant is converted as of the close of business of each calendar month into additional units which thereafter are held in each participant's trust account. Since net income of the fund is allocated among participant's each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name.

3. **Property Taxes**

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

RICHARDSON COUNTY

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**3. Property Taxes** (Concluded)

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 \$.430733/\$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 \$.408800/\$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 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



RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

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, 66 employees contributed \$87,569; the County contributed \$131,332. Additionally, for the year ended June 30, 2010, 10 law enforcement employees and the County contributed \$2,617 in cash contributions for the supplemental law enforcement plan. Lastly, the County paid \$1,429 directly to 10 retired employees for prior service benefits.

5. **Risk Management**

The County is exposed to various risks of loss related to 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.

	NIRMA Coverage	Maximum Coverage
General Liability Claim	\$ 300,000	\$ 5,000,000
Worker's Compensation Claim	\$ 500,000	Statutory Limits
Property Damage Claim	\$ 250,000	Insured Value at Replacement Cost

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. **Risk Management** (Concluded)

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:

<b>Transfers to</b>	Transfers from				Total
	General Fund	Inheritance Fund	Natural Disaster Fund	Nonmajor Funds	
General Fund	\$ -	\$ 185,000	\$ 51,851	\$ 46,176	\$ 283,027
Road Fund	1,199,037	-	200,000	-	1,399,037
Nonmajor Funds	4,933	-	-	-	4,933
<b>Total</b>	<b>\$ 1,203,970</b>	<b>\$ 185,000</b>	<b>\$ 251,851</b>	<b>\$ 46,176</b>	<b>\$ 1,686,997</b>

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. **Contingent Liabilities**

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

**RICHARDSON COUNTY**  
**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	\$ 3,252,391	\$ 3,252,391	\$ 3,017,004	\$ (235,387)
Licenses and Permits	30,700	30,700	33,124	2,424
Interest	50,000	50,000	28,313	(21,687)
Intergovernmental	371,720	371,720	422,298	50,578
Charges for Services	281,844	281,844	365,520	83,676
Miscellaneous	31,568	31,568	74,278	42,710
<b>TOTAL RECEIPTS</b>	<b>4,018,223</b>	<b>4,018,223</b>	<b>3,940,537</b>	<b>(77,686)</b>
<b>DISBURSEMENTS</b>				
General Government:				
County Board	51,379	51,379	51,379	-
County Clerk	113,225	113,225	106,801	6,424
County Treasurer	125,423	125,423	125,388	35
County Assessor	164,203	164,203	157,702	6,501
Election Commissioner	63,093	63,093	55,421	7,672
Clerk of the District Court	53,907	53,907	53,907	-
County Court System	9,000	9,000	5,477	3,523
CDC - Child Supp Agrmt	39,821	39,821	20,695	19,126
Building and Grounds	131,382	131,382	116,233	15,149
Agricultural Extension Agent	48,213	48,213	46,092	2,121
Miscellaneous	1,194,110	1,144,110	1,116,034	28,076
Public Safety:				
County Sheriff	274,785	274,785	274,785	-
County Attorney	51,314	51,314	51,240	74
Humboldt Sheriff	54,606	54,606	54,606	-
County Jail	244,255	294,255	294,255	-
Emergency Management	66,067	66,067	50,619	15,448
Attorney - Child Supp Agrmt	66,705	66,705	66,705	-
Attorney Incentive Match	18,230	18,230	18,230	-
Investigator	55,581	55,581	55,581	-
Miscellaneous	118,568	118,568	86,045	32,523
Nuclear Accident Emerg Prep	53,939	53,939	53,320	619
Public Works:				
County Surveyor	11,829	11,829	10,442	1,387
Miscellaneous	8,886	8,886	-	8,886

(Continued)

**RICHARDSON 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>DISBURSEMENTS</b> (Continued)				
Public Health:				
Miscellaneous	58,463	58,463	45,434	13,029
Public Assistance:				
Veterans' Service Officer	50,689	50,689	49,827	862
Miscellaneous	10,828	10,828	9,960	868
<b>TOTAL DISBURSEMENTS</b>	<u>3,138,501</u>	<u>3,138,501</u>	<u>2,976,178</u>	<u>162,323</u>
<b>EXCESS (DEFICIENCY)</b> <b>OF RECEIPTS OVER</b> <b>DISBURSEMENTS</b>	<u>879,722</u>	<u>879,722</u>	<u>964,359</u>	<u>84,637</u>
<b>OTHER FINANCING</b> <b>SOURCES (USES)</b>				
Transfers in	150,000	150,000	283,027	133,027
Transfers out	(1,300,907)	(1,300,907)	(1,203,970)	96,937
<b>TOTAL OTHER FINANCING</b> <b>SOURCES (USES)</b>	<u>(1,150,907)</u>	<u>(1,150,907)</u>	<u>(920,943)</u>	<u>229,964</u>
Net Change in Fund Balance	(271,185)	(271,185)	43,416	314,601
<b>FUND BALANCES - BEGINNING</b>	271,185	271,185	271,185	-
<b>FUND BALANCES - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 314,601</u>	<u>\$ 314,601</u>

(Concluded)

**RICHARDSON 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>				
Licenses and Permits	\$ -	\$ -	\$ 100	\$ 100
Intergovernmental	925,462	925,462	922,912	(2,550)
Charges for Services	-	-	3,300	3,300
Miscellaneous	21,500	21,500	18,712	(2,788)
<b>TOTAL RECEIPTS</b>	<u>946,962</u>	<u>946,962</u>	<u>945,024</u>	<u>(1,938)</u>
<b>DISBURSEMENTS</b>	<u>2,985,674</u>	<u>2,985,674</u>	<u>2,742,828</u>	<u>242,846</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(2,038,712)</u>	<u>(2,038,712)</u>	<u>(1,797,804)</u>	<u>240,908</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,687,501	1,687,501	1,399,037	(288,464)
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,687,501</u>	<u>1,687,501</u>	<u>1,399,037</u>	<u>(288,464)</u>
Net Change in Fund Balance	(351,211)	(351,211)	(398,767)	(47,556)
FUND BALANCE - BEGINNING	501,211	501,211	501,211	-
FUND BALANCE - ENDING	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 102,444</u>	<u>\$ (47,556)</u>
<b>INHERITANCE FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 64,250	\$ 64,250	\$ 245,896	\$ 181,646
Miscellaneous	-	-	17,891	17,891
<b>TOTAL RECEIPTS</b>	<u>64,250</u>	<u>64,250</u>	<u>263,787</u>	<u>199,537</u>
<b>DISBURSEMENTS</b>	<u>350,000</u>	<u>350,000</u>	<u>101,424</u>	<u>248,576</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(285,750)</u>	<u>(285,750)</u>	<u>162,363</u>	<u>448,113</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	150,000	150,000	-	(150,000)
Transfers out	(150,000)	(150,000)	(185,000)	(35,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>(185,000)</u>	<u>(185,000)</u>
Net Change in Fund Balance	(285,750)	(285,750)	(22,637)	263,113
FUND BALANCE - BEGINNING	285,750	285,750	285,750	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263,113</u>	<u>\$ 263,113</u>

(Continued)

**RICHARDSON 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>NATURAL DISASTER FUND</b>				
<b>RECEIPTS</b>				
Intergovernmental	\$ 178,572	\$ 178,572	\$ 58,429	\$ (120,143)
<b>TOTAL RECEIPTS</b>	<b>178,572</b>	<b>178,572</b>	<b>58,429</b>	<b>(120,143)</b>
<b>DISBURSEMENTS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>178,572</b>	<b>178,572</b>	<b>58,429</b>	<b>(120,143)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(500,000)	(500,000)	(251,851)	248,149
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(500,000)</b>	<b>(500,000)</b>	<b>(251,851)</b>	<b>248,149</b>
Net Change in Fund Balance	(321,428)	(321,428)	(193,422)	128,006
FUND BALANCE - BEGINNING	321,428	321,428	321,428	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,006</u>	<u>\$ 128,006</u>
<b>FEDERAL MATCHING FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
<b>TOTAL RECEIPTS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DISBURSEMENTS</b>	<b>238,841</b>	<b>238,841</b>	<b>-</b>	<b>238,841</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(238,841)</b>	<b>(238,841)</b>	<b>-</b>	<b>238,841</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balance	(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>

(Concluded)

## RICHARDSON 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.

RICHARDSON 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	Chromatograph Fund	Equipment Sinking Fund	Visitor's Promotion Fund	Employment Security Fund	Medical Relief Fund	Institutions Fund
<b>RECEIPTS</b>							
Property Taxes	\$ -	\$ -	\$ -	\$ 23,042	\$ 5,898	\$ 1,759	\$ 4,410
Interest	-	-	-	-	-	-	-
Intergovernmental	13,532	-	-	-	579	213	440
Charges for Services	-	3,182	-	-	-	-	-
<b>TOTAL RECEIPTS</b>	<b>13,532</b>	<b>3,182</b>	<b>-</b>	<b>23,042</b>	<b>6,477</b>	<b>1,972</b>	<b>4,850</b>
<b>DISBURSEMENTS</b>							
General Government	-	-	-	-	15,937	-	-
Public Safety	13,532	2,953	-	-	-	-	-
Public Works	-	-	-	-	-	-	-
Public Assistance	-	-	-	-	-	18,490	4,221
Culture and Recreation	-	-	-	5,975	-	-	-
Capital Projects	-	-	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<b>13,532</b>	<b>2,953</b>	<b>-</b>	<b>5,975</b>	<b>15,937</b>	<b>18,490</b>	<b>4,221</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>-</b>	<b>229</b>	<b>-</b>	<b>17,067</b>	<b>(9,460)</b>	<b>(16,518)</b>	<b>629</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	(46,115)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>(46,115)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	-	229	(46,115)	17,067	(9,460)	(16,518)	629
<b>FUND BALANCES - BEGINNING</b>	<b>-</b>	<b>6,269</b>	<b>46,115</b>	<b>33,703</b>	<b>16,618</b>	<b>78,221</b>	<b>14,207</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ -</b>	<b>\$ 6,498</b>	<b>\$ -</b>	<b>\$ 50,770</b>	<b>\$ 7,158</b>	<b>\$ 61,703</b>	<b>\$ 14,836</b>

(Continued)



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

For the Year Ended June 30, 2010

	Veteran's Aid Fund	County Drug Law Enforcement Fund	Federal Forfeiture Fund	Federal Grant Emergency Management Fund	Juvenile Services Grant Fund	Capital Projects Fund	Noxious Weed Fund	Total Nonmajor Governmental Funds
<b>RECEIPTS</b>								
Property Taxes	\$ 2,758	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ 37,868
Interest	-	-	8	-	-	-	-	8
Intergovernmental	222	-	-	-	42,304	-	-	57,290
Charges for Services	-	-	-	-	-	-	-	3,182
<b>TOTAL RECEIPTS</b>	<u>2,980</u>	<u>-</u>	<u>8</u>	<u>-</u>	<u>42,304</u>	<u>1</u>	<u>-</u>	<u>98,348</u>
<b>DISBURSEMENTS</b>								
General Government	-	-	-	-	-	-	-	15,937
Public Safety	-	-	2,912	-	49,041	-	-	68,438
Public Works	-	-	-	-	-	-	13,324	13,324
Public Assistance	2,870	-	-	-	-	-	-	25,581
Culture and Recreation	-	-	-	-	-	-	-	5,975
Capital Projects	-	-	-	-	-	82,061	-	82,061
<b>TOTAL DISBURSEMENTS</b>	<u>2,870</u>	<u>-</u>	<u>2,912</u>	<u>-</u>	<u>49,041</u>	<u>82,061</u>	<u>13,324</u>	<u>211,316</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>110</u>	<u>-</u>	<u>(2,904)</u>	<u>-</u>	<u>(6,737)</u>	<u>(82,060)</u>	<u>(13,324)</u>	<u>(112,968)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	4,933	4,933
Transfers out	-	-	-	(60)	-	(1)	-	(46,176)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(60)</u>	<u>-</u>	<u>(1)</u>	<u>4,933</u>	<u>(41,243)</u>
Net Change in Fund Balances	110	-	(2,904)	(60)	(6,737)	(82,061)	(8,391)	(154,211)
<b>FUND BALANCES - BEGINNING</b>	<u>92</u>	<u>873</u>	<u>6,416</u>	<u>60</u>	<u>7,887</u>	<u>82,061</u>	<u>9,342</u>	<u>301,864</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 202</u>	<u>\$ 873</u>	<u>\$ 3,512</u>	<u>\$ -</u>	<u>\$ 1,150</u>	<u>\$ -</u>	<u>\$ 951</u>	<u>\$ 147,653</u>

(Concluded)

**RICHARDSON 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>				
Intergovernmental	\$ 300,000	\$ 300,000	\$ 13,532	\$ (286,468)
<b>TOTAL RECEIPTS</b>	<b>300,000</b>	<b>300,000</b>	<b>13,532</b>	<b>(286,468)</b>
<b>DISBURSEMENTS</b>	<b>300,000</b>	<b>300,000</b>	<b>13,532</b>	<b>286,468</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balance	-	-	-	-
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>CHROMATOGRAPH FUND</b>				
<b>RECEIPTS</b>				
Charges for Services	\$ -	\$ -	\$ 3,182	\$ 3,182
<b>TOTAL RECEIPTS</b>	<b>-</b>	<b>-</b>	<b>3,182</b>	<b>3,182</b>
<b>DISBURSEMENTS</b>	<b>6,269</b>	<b>6,269</b>	<b>2,953</b>	<b>3,316</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balance	(6,269)	(6,269)	229	6,498
FUND BALANCE - BEGINNING	6,269	6,269	6,269	-
FUND BALANCE - ENDING	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,498</b>	<b>\$ 6,498</b>

(Continued)

**RICHARDSON 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>EQUIPMENT SINKING FUND</u></b>				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(46,115)	(46,115)	(46,115)	-
TOTAL OTHER FINANCING SOURCES (USES)	(46,115)	(46,115)	(46,115)	-
Net Change in Fund Balance	(46,115)	(46,115)	(46,115)	-
FUND BALANCE - BEGINNING	46,115	46,115	46,115	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>VISITOR'S PROMOTION FUND</u></b>				
RECEIPTS				
Taxes	\$ 16,000	\$ 16,000	\$ 23,042	\$ 7,042
TOTAL RECEIPTS	16,000	16,000	23,042	7,042
DISBURSEMENTS	49,703	49,703	5,975	43,728
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balance	(33,703)	(33,703)	17,067	50,770
FUND BALANCE - BEGINNING	33,703	33,703	33,703	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,770</u>	<u>\$ 50,770</u>

(Continued)

**RICHARDSON 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>EMPLOYMENT SECURITY FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 8,382	\$ 8,382	\$ 5,898	\$ (2,484)
Intergovernmental	-	-	579	579
<b>TOTAL RECEIPTS</b>	<b>8,382</b>	<b>8,382</b>	<b>6,477</b>	<b>(1,905)</b>
<b>DISBURSEMENTS</b>	<b>25,000</b>	<b>25,000</b>	<b>15,937</b>	<b>9,063</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balance	(16,618)	(16,618)	(9,460)	7,158
FUND BALANCE - BEGINNING	16,618	16,618	16,618	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,158</u>	<u>\$ 7,158</u>
<b>MEDICAL RELIEF FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ -	\$ -	\$ 1,759	\$ 1,759
Intergovernmental	-	-	213	213
<b>TOTAL RECEIPTS</b>	<b>-</b>	<b>-</b>	<b>1,972</b>	<b>1,972</b>
<b>DISBURSEMENTS</b>	<b>60,000</b>	<b>60,000</b>	<b>18,490</b>	<b>41,510</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balance	(60,000)	(60,000)	(16,518)	43,482
FUND BALANCE - BEGINNING	78,221	78,221	78,221	-
FUND BALANCE - ENDING	<u>\$ 18,221</u>	<u>\$ 18,221</u>	<u>\$ 61,703</u>	<u>\$ 43,482</u>

(Continued)

**RICHARDSON 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>INSTITUTIONS FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 3,793	\$ 3,793	\$ 4,410	\$ 617
Intergovernmental	-	-	440	440
<b>TOTAL RECEIPTS</b>	<u>3,793</u>	<u>3,793</u>	<u>4,850</u>	<u>1,057</u>
<b>DISBURSEMENTS</b>	<u>15,000</u>	<u>15,000</u>	<u>4,221</u>	<u>10,779</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	(11,207)	(11,207)	629	11,836
FUND BALANCE - BEGINNING	<u>14,207</u>	<u>14,207</u>	<u>14,207</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ 3,000</u></u>	<u><u>\$ 3,000</u></u>	<u><u>\$ 14,836</u></u>	<u><u>\$ 11,836</u></u>
<b>VETERAN'S AID FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 2,908	\$ 2,908	\$ 2,758	\$ (150)
Intergovernmental	-	-	222	222
<b>TOTAL RECEIPTS</b>	<u>2,908</u>	<u>2,908</u>	<u>2,980</u>	<u>72</u>
<b>DISBURSEMENTS</b>	<u>3,000</u>	<u>3,000</u>	<u>2,870</u>	<u>130</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	(92)	(92)	110	202
FUND BALANCE - BEGINNING	<u>92</u>	<u>92</u>	<u>92</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 202</u></u>	<u><u>\$ 202</u></u>

(Continued)

**RICHARDSON 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>COUNTY DRUG LAW ENFORCEMENT FUND</b>				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	873	873	-	873
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balance	(873)	(873)	-	873
FUND BALANCE - BEGINNING	873	873	873	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 873</u>	<u>\$ 873</u>
<b>FEDERAL FORFEITURE FUND</b>				
RECEIPTS				
Interest	\$ -	\$ -	\$ 8	\$ 8
TOTAL RECEIPTS	-	-	8	8
DISBURSEMENTS	6,416	6,416	2,912	3,504
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balance	(6,416)	(6,416)	(2,904)	3,512
FUND BALANCE - BEGINNING	6,416	6,416	6,416	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,512</u>	<u>\$ 3,512</u>

(Continued)

**RICHARDSON 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>FEDERAL GRANT EMERGENCY MANAGEMENT FUND</b>				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	60	60	-	60
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(60)	(60)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(60)	(60)
Net Change in Fund Balance	(60)	(60)	(60)	-
FUND BALANCE - BEGINNING	60	60	60	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>JUVENILE SERVICES GRANT FUND</b>				
RECEIPTS				
Intergovernmental	\$ 42,304	\$ 42,304	\$ 42,304	\$ -
TOTAL RECEIPTS	<u>42,304</u>	<u>42,304</u>	<u>42,304</u>	<u>-</u>
DISBURSEMENTS	<u>50,191</u>	<u>50,191</u>	<u>49,041</u>	<u>1,150</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(7,887)	(7,887)	(6,737)	1,150
FUND BALANCE - BEGINNING	7,887	7,887	7,887	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,150</u>	<u>\$ 1,150</u>

(Continued)

**RICHARDSON 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>CAPITAL PROJECTS FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ -	\$ -	\$ 1	\$ 1
Miscellaneous	39	39	-	(39)
<b>TOTAL RECEIPTS</b>	<u>39</u>	<u>39</u>	<u>1</u>	<u>(38)</u>
<b>DISBURSEMENTS</b>	<u>82,100</u>	<u>82,100</u>	<u>82,061</u>	<u>39</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(1)	(1)
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>(1)</u>
Net Change in Fund Balance	(82,061)	(82,061)	(82,061)	-
FUND BALANCE - BEGINNING	82,061	82,061	82,061	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>NOXIOUS WEED FUND</b>				
<b>RECEIPTS</b>				
	\$ -	\$ -	\$ -	\$ -
<b>DISBURSEMENTS</b>	<u>18,863</u>	<u>18,863</u>	<u>13,324</u>	<u>5,539</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	9,521	9,521	4,933	(4,588)
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<u>9,521</u>	<u>9,521</u>	<u>4,933</u>	<u>(4,588)</u>
Net Change in Fund Balance	(9,342)	(9,342)	(8,391)	951
FUND BALANCE - BEGINNING	9,342	9,342	9,342	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 951</u>	<u>\$ 951</u>
				(Concluded)



**RICHARDSON 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	Veterans' Service Officer	Total
BALANCE JULY 1, 2009	\$ 8,424	\$ 21,759	\$ 35,734	\$ 3,014	\$ 2,141	\$ 1,857	\$ 72,929
<b>RECEIPTS</b>							
Licenses and Permits	1,020	-	395	-	-	-	1,415
Charges for Services	49,683	10,180	45,991	2,120	12,028	-	120,002
Miscellaneous	-	95	402	-	-	-	497
State Fees	60,682	16,199	512	-	314	-	77,707
Other Liabilities	-	286,123	52,092	45,143	1,053	2,870	387,281
<b>TOTAL RECEIPTS</b>	<b>111,385</b>	<b>312,597</b>	<b>99,392</b>	<b>47,263</b>	<b>13,395</b>	<b>2,870</b>	<b>586,902</b>
<b>DISBURSEMENTS</b>							
Payments to County Treasurer	50,257	9,429	58,416	2,222	12,218	-	132,542
Payments to State Treasurer	60,211	15,473	505	-	-	-	76,189
Other Liabilities	600	299,450	55,077	47,716	1,049	2,501	406,393
<b>TOTAL DISBURSEMENTS</b>	<b>111,068</b>	<b>324,352</b>	<b>113,998</b>	<b>49,938</b>	<b>13,267</b>	<b>2,501</b>	<b>615,124</b>
BALANCE JUNE 30, 2010	<u>\$ 8,741</u>	<u>\$ 10,004</u>	<u>\$ 21,128</u>	<u>\$ 339</u>	<u>\$ 2,269</u>	<u>\$ 2,226</u>	<u>\$ 44,707</u>
<b>BALANCE CONSISTS OF:</b>							
Due to County Treasurer	\$ 4,127	\$ 1,186	\$ 20,507	\$ 130	\$ 1,893	\$ 2,226	\$ 30,069
Petty Cash	-	287	500	-	376	-	1,163
Due to State Treasurer	4,614	1,164	121	-	-	-	5,899
Due to Others	-	7,367	-	209	-	-	7,576
BALANCE JUNE 30, 2010	<u>\$ 8,741</u>	<u>\$ 10,004</u>	<u>\$ 21,128</u>	<u>\$ 339</u>	<u>\$ 2,269</u>	<u>\$ 2,226</u>	<u>\$ 44,707</u>

RICHARDSON 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	\$ 8,803,462	\$ 9,421,705	\$ 9,618,319	\$ 11,011,070	\$ 11,512,313
Personal and Specials	528,444	549,589	624,237	645,116	751,389
<b>Total</b>	<b>9,331,906</b>	<b>9,971,294</b>	<b>10,242,556</b>	<b>11,656,186</b>	<b>12,263,702</b>
<b>Corrections</b>					
Additions	573	1,133	3,041	642	2,961
Deductions	(3,870)	(9,737)	(11,941)	(9,695)	(1,070)
Net Additions/ (Deductions)	(3,297)	(8,604)	(8,900)	(9,053)	1,891
<b>Corrected Certified Tax</b>	<b>9,328,609</b>	<b>9,962,690</b>	<b>10,233,656</b>	<b>11,647,133</b>	<b>12,265,593</b>
<b>Net Tax Collected by</b>					
County Treasurer during					
Fiscal Year Ending:					
June 30, 2006	5,452,807	-	-	-	-
June 30, 2007	3,858,807	5,794,539	-	-	-
June 30, 2008	12,939	4,144,588	5,990,381	-	-
June 30, 2009	2,421	15,021	4,201,390	6,929,160	-
June 30, 2010	671	3,511	17,914	4,667,369	7,462,393
<b>Total Net Collections</b>	<b>9,327,645</b>	<b>9,957,659</b>	<b>10,209,685</b>	<b>11,596,529</b>	<b>7,462,393</b>
<b>Total Uncollected Tax</b>	<b>\$ 964</b>	<b>\$ 5,031</b>	<b>\$ 23,971</b>	<b>\$ 50,604</b>	<b>\$ 4,803,200</b>
<b>Percentage Uncollected Tax</b>	<b>0.01%</b>	<b>0.05%</b>	<b>0.23%</b>	<b>0.43%</b>	<b>39.16%</b>



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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

Board of Commissioners  
Richardson County, Nebraska

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Richardson County as of and for the year ended June 30, 2010, and have issued our report thereon dated February 9, 2011. The report notes the financial statements were prepared on the basis of cash receipts and disbursements. Except as noted above, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

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

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

We also noted certain matters that we reported to management of Richardson County in a separate letter dated February 9, 2011.

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

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

Signed Original on File

February 9, 2011

Deann Haeffner, CPA  
Assistant Deputy Auditor



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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February 9, 2011

Board of Commissioners  
Richardson County, Nebraska

Dear Commissioners:

We have audited the basic financial statements of Richardson County (County) for the fiscal year ended June 30, 2010, and have issued our report thereon dated February 9, 2011. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

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

### **COUNTY OVERALL**

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#### **Segregation of Duties**

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

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

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

We recommend the County review this situation. As always, the County must weigh the cost of hiring additional personnel versus the benefit of a proper segregation of duties. We further recommend controls be put in place to ensure the County Treasurer is aware of all changes to the tax system made by the County Assessor.

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

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

### **Unclaimed Property**

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

During our audit, we noted the following offices had outstanding checks which had remained unclaimed for more than three years:

- County Board Vendor Imprest Account, three checks totaling \$79
- County Treasurer, seven checks totaling \$518

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

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

## **COUNTY BOARD**

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### **Authorized Petty Cash Amounts**

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

During our audit, we noted the following offices petty cash accounts were authorized by the County Board, but amounts were not specified in the budget message: County Court, County Clerk, County Sheriff, and the County Road and Bridge Department.

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

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

*County Board's Response: Petty Cash Accounts are established for the County Clerk -- \$200.00, County Sheriff -- \$500.00, County Court -- \$50.00, Road and Bridge Department -- \$500.00 and recently formalized for the Clerk of District Court -- \$300.00.*

### **Unpaid Claims**

Neb. Rev. Stat. § 23-916 (Reissue 2007) states, “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. Any contract, verbal or written, made in violation of this section shall be null and void as to the county, and no money belonging thereto shall be paid thereon.”

During our audit we noted there were 12 unpaid claims, totaling \$16,096, which were held at June 30, 2010, due to lack of allowable budgeted expenditures remaining within the County Sheriff and the County Jail Departments’ budget for the fiscal year.

We recommend that claims not be held due to an office expending or contracting the expenditure of money not provided for in the budget or which is made in excess of the amount provided in the budget.

### **Inventory Policy and Procedures**

Neb. Rev. Stat. § 23-347 (Reissue 2007) states, “within two calendar months after the close of each fiscal year, each county officer shall make, acknowledge under oath, and file with the county board of his or her county an inventory statement of all county personal property in the custody and possession of said county officer.” Good accounting procedures require standardized policies be established to ensure all offices use the same guidelines when filing an inventory statement of the personal property in the possession of the officer.

During our audit, we noted:

- The County Board had not established a policy for all officers to follow when completing the annual inventory statements.
- Two of the fifteen inventory statements on file were filed late. The County Treasurer’s office was filed 42 days late and the County Roads Department was filed 28 days late.

When inventory statements are not filed on time, the county officer is not in compliance with State statute. Additionally, a lack of guidance for completing the inventory statements may lead to an inaccurate accounting of the County's personal property.

We recommend all county officers file an accurate inventory statement within two calendar months after the close of the fiscal year and the County Board establish a policy for all officers to follow when completing such inventory statements.

*County Board's Response: Inventory report forms are provided to each County Official/ Department before the end of the fiscal year with instructions that they are to be filed by the end of August for the County Board's review and approval at their first meeting in September. The inventory report form is that prescribed by the Nebraska State Auditor's Office.*

### **Visitor Improvement Fund**

Neb. Rev. Stat. § 81-1254 (Reissue 2008) states, the "county may after a public hearing adopt a resolution to impose an additional sales tax of not to exceed two percent upon the total consideration charged for occupancy of any space furnished by any hotel if such county has created a County Visitors Improvement Fund and a visitors committee pursuant to section 81-1255. The proceeds from such tax shall be paid to the County Visitor Improvement Fund."

The County is putting both the visitor promotion tax and the visitor improvement tax into a Visitor Promotion Fund, a Visitor Improvement Fund has not been created for the visitor improvement tax. The County collected \$11,520 in visitor improvement tax during fiscal year 2010. When taxes are not credited to the correct fund there is a risk of loss, misuse, or that funds will not be used in accordance with State statutes.

We recommend the County Board establish a Visitor Improvement Fund and credit visitor improvement tax collections to that Fund.

### **Claim Procedures**

Good internal controls require adequate supporting documentation be maintained to support expenditures approved by the County Board and procedures be in place to ensure reimbursements are requested when agreed upon.

During our audit we noted the following:

- Three claims approved and paid by the County to Pamida, totaling \$229, were related to inmates housed for Dodge County. These expenses were not subsequently billed to Dodge County for reimbursement.
- One claim paid to the County Attorney for reimbursement of expenses totaling \$112 had no supporting documentation attached.
- One claim paid to Wells Fargo Service Card for purchases made on the County credit card did not have supporting documentation attached for 20 purchases totaling \$479.
- One claim paid to the County Sheriff for petty cash reimbursement of \$205 did not have adequate supporting documentation for three meal receipts totaling \$42.



When documentation is not obtained prior to disbursement of funds and procedures are not in place to request reimbursements, there is an increased risk of loss or misuse of funds.

We recommend procedures be implemented to ensure reimbursement requests to other counties be made in a timely manner. We further recommend the County Board implement procedures to ensure adequate supporting documentation is obtained prior to the approval of claims.

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

### **Handibus Money**

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

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

During the fiscal year the County received \$38,027 from the State for support of the local Handibus. The checks were endorsed over to Southeast Nebraska Community Action Council (SENCA) for deposit, not remitted to the County Treasurer. When money is not remitted to the County Treasurer, the financial statements do not reflect all the County financial information.

We recommend all checks made payable to the County are deposited with the County Treasurer and disbursed through the claim and warrant process.

*County Board's Response: The County has an agreement with Southeast Nebraska Community Action Council (SENCA) to administer the program. Contact has been made with NE Dept. of Roads to inquire as to if the payments may be made directly to SENCA.*

### **Contracts**

Good internal control procedures require contracts be updated and maintained to support amounts being collected or paid and that controls are in place to ensure the correct amount is collected.

It was noted during our audit, a contract for providing dispatching services to the City of Humboldt required payments in the amount of \$4,288 a month for July through September 2009; the County collected \$4,143 a month, a total of \$435 less than the contract specified. It was further noted, the contract expired in August 2010 although the County continues to provide dispatching services and receive reimbursement from the City.

We recommend procedures be in place to monitor contracts and ensure the correct amount is collected and provisions are kept current.

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

*The County Clerk has reviewed the records and submitted a letter to the City of Humboldt requesting the difference and remainder due on the contract. The newly elected Sheriff is working with the City of Humboldt on a new and revised contract.*

### **Publishing of Board Minutes**

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

During our audit, we noted 3 of the 10 County Board meetings tested were not published within ten working days after the close of the meeting. This results in the public not being made aware of proceedings in the time prescribed by State statute.

We recommend the County Board ensure County Board meeting proceedings are published within ten working days of the close of the meeting.

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

### **Audit Report**

Neb. Rev. Stat. § 23-1608 (Reissue 2007) states, "(1) Each county board shall cause an examination and a complete and comprehensive annual audit to be made of the books, accounts, records, and affairs of all county officers in the county...An original copy of the audit report shall be filed in the office of the county clerk and in the office of the Auditor of Public Accounts within twelve months after the end of each fiscal year. (2) 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."

The 2009 audit report was not issued within one year after the fiscal year end nor was the report published within ten days after the report was issued.

We recommend the County Board ensure the audit report is released within one year after the fiscal year end. We further recommend the County Board publish the conclusion and release of the audit report within ten days after issuance.

*County Board's Response: After the 2009 audit report was submitted to the County Board on August 3, 2010, from the firm of Prosser & Campbell, PC, the report that the audit has been completed was presented before the legal publication deadline at the Falls City Journal for publication that week on August 12. The local newspaper was going through some major changes with their printing which took effect August 1 and it was inadvertently left out and published the next week, August 19, 2010.*

*Every effort has been made to meet legal publication deadlines and instruct the local newspaper to publish by a certain date, but with the once a week publication it is sometimes extremely difficult to achieve.*

## **COUNTY SHERIFF**

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### **Accounting Procedures**

Neb. Rev. Stat. § 33-117 (Cum. Supp. 2010) requires the County Sheriff to submit a report of all fees earned and collected to the County Board on the first Tuesday in January, April, July, and October. Additionally, the County Sheriff is required to pay all fees earned to the County Treasurer.

Good internal control requires procedures be in place to ensure assets (cash on hand, reconciled bank statement, and accounts receivable) are in agreement with office liabilities (fees, trust accounts, and accounts payable), timely and complete bank reconciliations are performed, trust balances can be identified, all money received is recorded on pre-numbered receipts, all records are complete and accurate, and that claims for payment are made timely.

We noted the following:

- At June 30, 2010, office records indicated assets were long \$508 compared to office liabilities.
- At December 31, 2010, office records indicated assets were long \$493.
- Complete and accurate bank reconciliations were not performed on a monthly basis.
- The office could not identify inmate account balances held at June 30, 2010.
- The County Sheriff remitted collections to the County Treasurer, not earnings as required by State statute.
- Remittances to the County Treasurer were not made timely. Fees were remitted from 1 to 5 months after the date required by State statute.
- Claims for fees due from the County were not made in a timely manner. Noted claims which were submitted up to 14 months after services were performed.
- Noted 3 instances, totaling \$1,085, where receipts were not written for bonds and a distress warrant.
- Bank deposits did not reconcile to receipts, which indicates not all receipts were recorded on the fee sheets, variance noted was \$1,402.
- Pre-numbered receipts were not used to account for all money received.
- A check to refund an overpayment of service fees was written for \$6, but should have been \$44.

- During a cash count on January 6, 2011:
  - 11 of 12 checks on hand were not restrictively endorsed.
  - \$155 in cash and checks on hand had not been receipted.

On January 4, 2011, we requested records for activity through December 31, 2010. We noted the following:

- The fee book documenting earnings for fees and mileage relating to paper service had not been prepared for October 2010 through December 2010.
- The monthly ledger of fees collected and checks written had not been prepared for December 2010.
- No bank reconciliations had been performed for July 2010 through December 2010.
- When the activity had been prepared (at the request of the auditor) receipt amounts did not reconcile to bank deposits. Variance noted was \$146.
- \$1,188 in distress warrant receipts had not been recorded in the monthly ledger.

When earnings are not properly remitted to the County Treasurer, the County Sheriff is not in compliance with State statutes. Additionally, when procedures are not in place to ensure records are completed timely and accurately there is an increased risk of error, loss, theft or misuse of funds allowing errors to more easily go undetected.

We recommend the County Sheriff implement timely documented monthly balancing procedures, including a bank reconciliation, an analysis of bank activity, and a timely follow-up on any unexplained variances. We further recommend the County Sheriff begin remitting earnings to the County Treasurer on a timely basis and in accordance with State statutes.

### **Jewelry Purchase**

Good internal control requires County credit cards be used only for the purchase of goods or services related to County business.

We noted a purchase from Zales.com for \$695 made with the County's credit card. This purchase was not related to County business. The County Sheriff made a payment directly to the credit card company for this amount via a cashier's check and did not claim it to the County.

When credit card purchases are not limited to County business, there is an increased risk the County will be held liable for non-County purchases.

We recommend the County Sheriff implement procedures to ensure all credit card purchases are for legitimate County business.

## **Distress Warrants**

Good internal control and sound business practices require that remittances are made in a timely manner and collections for mileage costs be remitted to the County Treasurer.

During testing of distress warrant collections, we noted the following:

- Collections for distress warrants were remitted to the County Treasurer anywhere from 14 to 77 days after receipt by the County Sheriff's office.
- The County Sheriff remitted \$33 in mileage fees collected on a distress warrant to the County Treasurer as interest on the distress warrant, not mileage fees.

When collections for distress warrants are not remitted timely, taxes remain delinquent in the County Treasurer's office records which could cause delay of payment of claims, or other actions to be improperly taken.

We recommend the County Sheriff's office implement procedures to ensure distress warrant receipts are remitted to the County Treasurer on a timely basis, and that mileage amounts collected are not included as interest receipts.

## **Vending Machines**

Sound accounting practices require that an entity which allows a company to maintain a vending machine in their office collect a fee or commission from the company maintaining the vending machine.

The County Sheriff's office contracted with a company to maintain a vending machine in the jail lobby. No commission or fee was received from the company for allowing them to place the vending machine in the jail. The County receives a fee for other vending machines located in the County Courthouse. There is an increased risk of loss or misuse of funds when contracts are not in place to document use of county property.

We recommend the County Sheriff determine possible benefits of requiring the vending machine company to pay a fee or commission for the use of the space for the vending machine.

## **COUNTY TREASURER**

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### **Property Tax Credit**

Neb. Rev. Stat. § 77-4212 (Reissue 2009) states, "the amount of the credit which cannot be used by the taxpayer shall be returned to the State Treasurer by July 1 of the year the amount disbursed to the county was disbursed."

We noted the excess property tax credit in the amount of \$4,757 was not returned to the State Treasurer until September 28, 2010. When procedures are not in place to ensure the timely return of funds to the State there is an increased risk of loss or misuse of funds.

We recommend the excess tax credit funds be returned to the State Treasurer by July 1<sup>st</sup> of each year.

### **Unknown and Inactive Accounts**

Good internal controls require trust balances be reviewed on a routine basis to ensure they are active and current, it further requires records be maintained to identify individual accounts which account for summary ledger balances.

During testing, it was noted, trust balances could not be fully identified and some balances were old. These balances included:

- 3 inactive partial payment accounts dated May 24, 2003, February 2, 2004, and July 25, 2005, totaling \$814.
- Estray Balance of \$227 dated August 15, 2008.
- Unknown amount in Tax Sales Redemption Account of \$4,847.

We recommend accounts be reviewed and monitored on a routine basis to ensure they are accurate and current.

### **Cash Shortage**

Good internal control and sound accounting practices require that shortages and overages be handled properly and not carried in the total County balance indefinitely.

As of June 30, 2010, the County Treasurer is carrying a \$161 cash shortage on the daily balance sheet. This figure represents an accumulation of small cash variances over an extended period of time. When overages and shortages are not properly handled, there is an increased risk of loss or misuse of funds.

We recommend the County Treasurer discuss this shortage with the County Board to determine the appropriate action.

## **COUNTY CLERK**

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### **Certification of Unpaid Claims**

Neb. Rev. Stat. § 23-1302 (Reissue 2007) which outlines the duties of the County Clerk states, in part, "...the county clerk shall certify to the county treasurer as of June 15 and December 15 of each year the total amount of unpaid claims of the county..."

Unpaid claims as of December 15, 2009, and June 15, 2010, were not certified to the County Treasurer. When the amount of unpaid claims is not certified by the County Clerk in compliance with State statute, the County Treasurer does not have complete information on file regarding the finances of the County.

We recommend the County Clerk comply with statute by certifying to the County Treasurer the amount of unpaid claims.

*County Clerk's Response: The amount of unpaid claims was certified to the County Treasurer as of June 30, 2010 and December 31, 2010. Future certifications will be made to the County Treasurer certifying unpaid claims as of June 15 and December 15 of each year.*

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## **COUNTY HIGHWAY DEPARTMENT**

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### **Accounting Procedures**

Good internal controls require that the County Board approve all prices charged for sales of surplus property, and that all sales prices agree to the fees approved, or that a reason for deviation from those fees is documented and approved. Good internal controls also require the timely follow-up on delinquent accounts receivables.

During receipt testing in the County Highway Department, we noted one invoice for which the unit prices did not agree to the fee sheet, there was no documentation to support the difference. Additionally, the fee sheet was not approved by the County Board. We also noted two accounts receivables in the amount of \$935 and \$15, which had originally been billed in 1993 and 2008 respectively, which remained uncollected. When fees charged are not approved by the County Board and accounts receivables are not followed up on in a timely manner, there is an increased risk of loss or misuse of funds.

We recommend the County Highway Department have the County Board approve the fee sheet and that those fees be used for all invoices processed, or deviation from those fees are documented.

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## **COUNTY CLERK OF THE DISTRICT COURT**

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### **Petty Cash Fund**

Neb. Rev. Stat. § 23-106 (Reissue 2007) states that when the County Board establishes a petty cash fund, such amount should be stated in the fiscal policy of the County Board budget message. Good internal controls require petty cash funds be reconciled to a set amount and reimbursements be requested in a timely manner.

During our audit, we noted the following:

- The County Clerk of the District Court's petty cash amount was not authorized by the County Board.
- The petty cash fund was not disclosed in the budget message.
- The petty cash fund is not reconciled to a set amount, as of June 30, 2010, the petty cash balance was \$288.
- Petty cash expenses were not requested for reimbursement within a timely manner

When the budget message does not reflect authorized petty cash amounts the public is not notified of the approved petty cash amounts available to officials. When the petty cash fund does not have a set amount, there is an increased risk of loss, theft, or misuse of County funds

We recommend the petty cash fund of the County Clerk of the District Court be authorized by the County Board, included in the County budget message, be reconciled to a set amount, and have claims for reimbursement submitted in a timely manner.

*County Clerk of the District Court's Response: On the 18<sup>th</sup> day of January, 2011 the County Board adopted Resolution 2010-2011-36 which authorizes the petty cash fund with a set amount for the office of the Clerk of the District Court.*

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