

**AUDIT REPORT  
OF  
RICHARDSON COUNTY**

**JULY 1, 2011 THROUGH JUNE 30, 2012**

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the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original  
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**Issued on October 29, 2012**

RICHARDSON COUNTY

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RICHARDSON COUNTY  
**LIST OF COUNTY OFFICIALS**  
At June 30, 2012

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
David Sickel	Board of Commissioners	Jan. 2013
Bill Ely		Jan. 2013
Myron Davidson		Jan. 2015
Pamela Vice	Assessor	Jan. 2015
Robert Meyer	Attorney	Jan. 2015
Mary Eickhoff	Clerk Election Commissioner Register of Deeds	Jan. 2015
Pamela Scott	Clerk of the District Court	Jan. 2015
Randy Houser	Sheriff	Jan. 2015
Robert Tichy	Surveyor	Jan. 2015
Connie Kennedy	Treasurer	Jan. 2015
Ralph Huettner	Veterans' Service Officer	Appointed
Scott Huppert	Highway Superintendent	Appointed
James Gerweck	Emergency Manager	Appointed



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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## RICHARDSON COUNTY

### INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Richardson County, Nebraska

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, 2012, which collectively comprise the basic financial statements of the County's primary government, as listed in the Table of Contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash balances of the governmental activities, each major fund, and the aggregate remaining fund information of Richardson County, as of June 30, 2012, and the respective changes in cash basis financial position 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 September 25, 2012, 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.

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

Signed Original on File

September 25, 2012

Deann Haeffner, CPA  
Assistant Deputy Auditor

RICHARDSON COUNTY  
**STATEMENT OF NET ASSETS - CASH BASIS**  
June 30, 2012

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents (Note 1.D)	\$ 2,351,724
Investments (Note 1.D)	436,275
<b>TOTAL ASSETS</b>	<b>\$ 2,787,999</b>
 <b>NET ASSETS</b>	
Restricted for:	
Visitor Promotion	\$ 75,353
Drug Education	873
Law Enforcement	1,524
Debt Service	15,549
Unrestricted	2,694,700
<b>TOTAL NET ASSETS</b>	<b>\$ 2,787,999</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, 2012

<b>Functions:</b>	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Assets
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
General Government	\$ (2,154,012)	\$ 292,975	\$ 72,617	\$ (1,788,420)
Public Safety	(1,058,477)	92,608	61,547	(904,322)
Public Works	(2,393,151)	13,238	1,010,913	(1,369,000)
Health and Sanitation	(45,103)	-	-	(45,103)
Public Assistance	(76,944)	-	-	(76,944)
Culture and Recreation	(29,712)	-	-	(29,712)
Debt Payments	(148,216)	-	-	(148,216)
Capital Outlay	(921,632)	-	-	(921,632)
<b>Total Governmental Activities</b>	<b><u><u>\$ (6,827,247)</u></u></b>	<b><u><u>\$ 398,821</u></u></b>	<b><u><u>\$ 1,145,077</u></u></b>	<b><u><u>(5,283,349)</u></u></b>

General Receipts:

Property Taxes	4,168,409
Grants and Contributions Not Restricted to Specific Programs	277,842
Investment Income	23,420
Licenses and Permits	33,294
Miscellaneous	102,000
<b>Total General Receipts</b>	<b><u><u>4,604,965</u></u></b>
 Change in Net Assets	 (678,384)
Net Assets - Beginning	3,466,383
Net Assets - Ending	<b><u><u>\$ 2,787,999</u></u></b>

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

**RICHARDSON COUNTY**  
**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES**  
**GOVERNMENTAL FUNDS**

June 30, 2012

	General Fund	Road Fund	Inheritance Fund	Road/Bridge Construction Highway Allocation Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents (Note 1.D)	\$ 246,810	\$ 338,946	\$ 138,241	\$ 1,032,575	\$ 595,152	\$ 2,351,724
Investments (Note 1.D)	186,275	-	250,000	-	-	436,275
<b>TOTAL ASSETS</b>	<b>\$ 433,085</b>	<b>\$ 338,946</b>	<b>\$ 388,241</b>	<b>\$ 1,032,575</b>	<b>\$ 595,152</b>	<b>\$ 2,787,999</b>
<b>FUND BALANCES</b>						
Restricted for:						
Visitor Promotion	\$ -	\$ -	\$ -	\$ -	\$ 75,353	\$ 75,353
Drug Education	-	-	-	-	873	873
Law Enforcement	-	-	-	-	1,524	1,524
Debt Service	-	-	-	-	15,549	15,549
Committed to:						
Law Enforcement	-	-	-	-	5,551	5,551
Road Maintenance	-	338,946	-	1,032,575	379,857	1,751,378
Aid and Assistance	-	-	-	-	86,596	86,596
Unemployment Benefits	-	-	-	-	20,568	20,568
Weed Control	-	-	-	-	9,281	9,281
Assigned to:						
Other Purposes	-	-	388,241	-	-	388,241
Unassigned	433,085	-	-	-	-	433,085
<b>TOTAL CASH BASIS FUND BALANCES</b>	<b>\$ 433,085</b>	<b>\$ 338,946</b>	<b>\$ 388,241</b>	<b>\$ 1,032,575</b>	<b>\$ 595,152</b>	<b>\$ 2,787,999</b>

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

RICHARDSON COUNTY  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2012

	General Fund	Road Fund	Inheritance Fund	Road/Bridge Construction Highway Allocation Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>						
Property Taxes	\$3,639,770	\$ -	\$ 298,185	\$ -	\$ 230,454	\$ 4,168,409
Licenses and Permits	33,294	-	-	-	-	33,294
Interest	16,277	-	-	7,142	1	23,420
Intergovernmental	361,054	1,011,012	-	-	50,853	1,422,919
Charges for Services	382,659	13,238	-	-	2,924	398,821
Miscellaneous	42,115	59,326	-	500	59	102,000
<b>TOTAL RECEIPTS</b>	<u>4,475,169</u>	<u>1,083,576</u>	<u>298,185</u>	<u>7,642</u>	<u>284,291</u>	<u>6,148,863</u>
<b>DISBURSEMENTS</b>						
General Government	2,050,429	-	74,973	-	28,610	2,154,012
Public Safety	1,019,709	-	-	-	38,768	1,058,477
Public Works	10,207	2,371,867	-	-	11,077	2,393,151
Health and Sanitation	45,103	-	-	-	-	45,103
Public Assistance	63,422	-	-	-	13,522	76,944
Culture and Recreation	-	-	-	-	29,712	29,712
Debt Service:						
Principal Payments	-	-	-	-	80,000	80,000
Interest and Fiscal Charges	-	-	-	-	68,216	68,216
Capital Outlay	-	-	-	921,632	-	921,632
<b>TOTAL DISBURSEMENTS</b>	<u>3,188,870</u>	<u>2,371,867</u>	<u>74,973</u>	<u>921,632</u>	<u>269,905</u>	<u>6,827,247</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>1,286,299</u>	<u>(1,288,291)</u>	<u>223,212</u>	<u>(913,990)</u>	<u>14,386</u>	<u>(678,384)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	225,000	1,406,383	34,109	-	104,563	1,770,055
Transfers out	(1,393,597)	-	(259,109)	(30,435)	(86,914)	(1,770,055)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,168,597)</u>	<u>1,406,383</u>	<u>(225,000)</u>	<u>(30,435)</u>	<u>17,649</u>	<u>-</u>
Net Change in Fund Balances	117,702	118,092	(1,788)	(944,425)	32,035	(678,384)
<b>CASH BASIS FUND BALANCES - BEGINNING</b>	<u>315,383</u>	<u>220,854</u>	<u>390,029</u>	<u>1,977,000</u>	<u>563,117</u>	<u>3,466,383</u>
<b>CASH BASIS FUND BALANCES - ENDING</b>	<u>\$ 433,085</u>	<u>\$ 338,946</u>	<u>\$ 388,241</u>	<u>\$ 1,032,575</u>	<u>\$ 595,152</u>	<u>\$ 2,787,999</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, 2012

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 456,849
 <b>LIABILITIES</b>	
Due to other governments	
State	129,433
Schools	254,678
Educational Service Units	4,491
Technical College	11,011
Natural Resource Districts	7,286
Fire Districts	4,265
Municipalities	26,971
Agricultural Society	929
Drainage Districts	336
Others	17,449
<b>TOTAL LIABILITIES</b>	<b>456,849</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, 2012

1. **Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

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

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

**Joint Organization.**

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

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$31,769 toward the operation of the Region during fiscal year 2012. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Department of Health and Human Services requires the Region to be audited annually in accordance with State statute. Financial information for the Region is available in those audit reports.

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

The Department's governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed no funding toward the operation of the Department during fiscal year 2012. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is required to be audited annually in accordance with Neb. Rev. Stat. § 84-304(4) (Reissue 2008). Financial information for the Department is available in that report.

**B. Basis of Presentation**

**Government-wide Financial Statements.** The Statement of Net Assets - Cash Basis and Statement of Activities - Cash Basis display information about the activities of the County and are in the format of government-wide statements, as required by GASB Statement Number 34. These statements include all the financial activities of the County, except for fiduciary activities. Internal activities in these statements were considered immaterial and have not been eliminated. Governmental Generally Accepted Accounting Principles (GAAP) requires internal activity to be eliminated to minimize double counting. The County reports governmental activities only. Governmental activities are generally financed through taxes, intergovernmental receipts, and other nonexchange transactions.

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

**Fund Financial Statements.** The fund financial statements provide information about the County's funds, including its fiduciary funds. GAAP requires separate statements by fund category - governmental, proprietary, and fiduciary. The County uses only the governmental and fiduciary fund categories. The County Board is the highest level of decision-making authority and has the authority, by resolution, to establish, modify or

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

rescind the commitment or assignment of a fund balance to a specific purpose. When resources for a specific purpose are available in more than one fund balance classification, the County's policy is to use resources in the following order: restricted, committed, assigned, and unassigned. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

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

**Road Fund.** This fund is used to account for costs associated with the repair and maintenance of roads and bridges, resources are received from the State and transfers from the General Fund.

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

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

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

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

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

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

The County designates fund balances as:

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

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

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The accounting records of the County are maintained and the government-wide financial statements were reported on the basis of cash receipts and disbursements. As such, the measurement focus includes only those assets and fund balances arising from cash transactions on the Statement of Net Assets - Cash Basis and the Statement of Activities - Cash Basis. Receipts are recognized when received and disbursements are recognized when warrants are paid. This differs from governmental GAAP, which requires the government-wide and fiduciary fund financial statements to be reported using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus and basis of accounting receipts are recorded when earned and disbursements are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

**D. Assets and Net Assets**

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

**Investments.** The types of investments in which the County is authorized to invest funds are enumerated in Neb. Rev. Stat. §§ 77-2315, 77-2340, and 77-2341 (Reissue 2009), and generally include U.S. Government obligations, certificates of deposit, and time deposits and securities, which are authorized by the Nebraska Investment Council.

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

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

**Restricted Net Assets.** When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net assets are reported as restricted when constraints placed on their use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net assets reports \$93,299 of restricted net assets, which are restricted by enabling legislation.

**Budgetary Process.** The County adopts an annual budget in accordance with the statutory requirements of the Nebraska Budget Act. The budget is prepared on the cash receipts and disbursements basis of accounting. The budget contains only those receipts actually received by the County Treasurer. The County does not utilize an encumbrance accounting system. All appropriated spending authority lapses at the end of the fiscal year.

On or before August 1, the county budget-making authority prepares and transmits a budget for each County fund to the County Board. The budget includes the requirements, the outstanding warrants, the operating reserves to be maintained, the cash on hand at the close of the preceding fiscal year, the receipts from sources other than taxation, and the

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

amount to be raised by taxation. The County Board must hold at least one public hearing on the proposed budget. On or before September 20, the County Board adopts the budget and appropriates the amounts specified in the budget for the departments, offices, activities, and funds of the County.

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

2. **Deposits and Investments**

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

At year end, the County's carrying amount of deposits was \$2,351,724 for County funds and \$456,849 for Fiduciary funds. The bank balances for all funds totaled \$2,743,428. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2012, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

The County's carrying value of investments are stated at cost, which approximates market. Investments consisted of \$436,275 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 2011, for the 2011 taxes, which will be materially collected in May and September 2012, was set at \$.431364/\$100 of assessed valuation. The levy set in October 2010, for the 2010 taxes, which were materially collected in May and September 2011, was set at \$.430790/\$100 of assessed valuation. The amount collected for motor vehicle tax is outlined in State statute.

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

**4. Retirement System**

The Retirement System for Nebraska Counties (the Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2335 (Reissue 2007, Cum. Supp. 2010, Supp. 2011) and may be amended through legislative action.

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

County employees and elected officials contribute 4.5% of their total compensation. In addition, the County contributes an amount equal to 150% of the employee's contribution. The contribution rates are established by § 23-2307 and § 23-2308 and may be amended through legislative action. The employee's and employer's contributions are kept in separate accounts. The employee's account is fully vested. The employer's account is fully vested after three years of participation in the system or credit for participation in another governmental plan prior to actual contribution to the Plan. Prior service benefits are paid directly by the County to the retired employee.

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

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

For the year ended June 30, 2012, 72 employees contributed \$93,542, and the County contributed \$139,116. Contributions included \$2,394 in cash contributions towards the supplemental law enforcement plan for 8 law enforcement employees. Lastly, the County paid \$1,429 directly to 10 retired employees for prior service benefits.

5. **Risk Management**

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

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

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

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

The County has not paid any additional assessments to the pool in the last three fiscal years, and no assessments are anticipated for fiscal year 2013. The County has not had to pay out any amounts that exceeded coverage provided by the pool in the last three fiscal years.

RICHARDSON COUNTY

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**6. Interfund Transfers**

Interfund transfers for the year ended June 30, 2012, consisted of the following:

<b>Transfers to</b>	Transfers from					<b>Total</b>
	<b>General Fund</b>	<b>Inheritance Fund</b>	<b>Road/Bridge Construction Highway Allocation Fund</b>	<b>Nonmajor Funds</b>		
General Fund	\$ -	\$ 225,000	\$ -	\$ -	\$ 225,000	
Road Fund	1,375,948	-	30,435	-	1,406,383	
Inheritance Fund	-	-	-	34,109	34,109	
Nonmajor Funds	17,649	34,109	-	52,805	104,563	
<b>Total</b>	<b>\$ 1,393,597</b>	<b>\$ 259,109</b>	<b>\$ 30,435</b>	<b>\$ 86,914</b>	<b>\$ 1,770,055</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. Capital Leases Payable**

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

	<b>Motor Grader</b>	<b>Hydra Platform</b>	<b>Ambulance</b>	<b>Motor Grader</b>	<b>Total</b>
Balance July 1, 2011	\$ 115,906	\$ 96,900	\$ 142,475	\$ -	\$ 355,281
Purchases	-	-	-	119,250	119,250
Payments	56,776	31,883	34,884	-	123,543
<b>Balance June 30, 2012</b>	<b>\$ 59,130</b>	<b>\$ 65,017</b>	<b>\$ 107,591</b>	<b>\$ 119,250</b>	<b>\$ 350,988</b>

Future Payments:

<b>Year</b>					<b>Total</b>
2013	\$ 60,109	\$ 33,018	\$ 37,193	\$ 40,867	\$ 171,187
2014	1	33,018	37,193	40,866	111,078
2015	-	-	37,193	40,867	78,060
<b>Total Payments</b>	<b>60,110</b>	<b>66,036</b>	<b>111,579</b>	<b>122,600</b>	<b>360,325</b>
<b>Less Interest</b>	<b>980</b>	<b>1,019</b>	<b>3,988</b>	<b>3,350</b>	<b>9,337</b>
<b>Present Value of Future Minimum Lease Payments</b>	<b>\$ 59,130</b>	<b>\$ 65,017</b>	<b>\$ 107,591</b>	<b>\$ 119,250</b>	<b>\$ 350,988</b>
<b>Carrying Value of the related Fixed Asset</b>	<b>\$ 172,500</b>	<b>\$ 96,900</b>	<b>\$ 139,625</b>	<b>\$ 165,250</b>	<b>\$ 574,275</b>

RICHARDSON COUNTY

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**8. Long-Term Debt**

The County issued bonds on May 17, 2011, in the amount of \$2,000,000 for the purpose of paying the costs of construction of certain streets, highways, and roads within Richardson County. The bond payable balance, as of June 30, 2012, was \$1,920,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Future tax resources will be used to pay off the bonds.

Future Payments:

<b>Year</b>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 80,000	\$ 67,497	\$ 147,497
2014	80,000	66,618	146,618
2015	80,000	65,457	145,457
2016	80,000	64,018	144,018
2017	85,000	62,377	147,377
2018-2022	455,000	275,860	730,860
2023-2027	540,000	189,063	729,063
2028-2031	520,000	62,147	582,147
Total Payments	<u>\$ 1,920,000</u>	<u>\$ 853,037</u>	<u>\$ 2,773,037</u>

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

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 3,908,912	\$ 3,908,912	\$ 3,639,770	\$ (269,142)
Licenses and Permits	30,200	30,200	33,294	3,094
Interest	10,000	10,000	16,277	6,277
Intergovernmental	405,584	405,584	361,054	(44,530)
Charges for Services	345,409	345,409	382,659	37,250
Miscellaneous	24,500	24,500	42,115	17,615
<b>TOTAL RECEIPTS</b>	<u>4,724,605</u>	<u>4,724,605</u>	<u>4,475,169</u>	<u>(249,436)</u>
<b>DISBURSEMENTS</b>				
General Government:				
County Board	56,228	56,228	56,228	-
County Clerk	119,272	119,272	117,847	1,425
County Treasurer	135,501	135,501	134,098	1,403
County Assessor	163,490	168,528	163,490	5,038
Election Commissioner	62,332	62,332	57,573	4,759
Clerk of the District Court	64,822	64,822	64,822	-
County Court System	9,080	9,080	8,777	303
Building and Grounds	220,989	220,989	189,783	31,206
Agricultural Extension Agent	47,684	47,684	47,683	1
CDC Child Support Agreement	19,722	19,722	17,974	1,748
Miscellaneous	1,243,801	1,224,852	1,192,154	32,698
Public Safety:				
County Sheriff	258,426	295,212	283,426	11,786
County Attorney	57,700	57,700	57,700	-
Investigator	56,250	56,250	56,250	-
County Jail	256,800	258,826	256,800	2,026
Emergency Management	78,893	78,893	69,090	9,803
Humboldt Sheriff	63,767	63,767	63,767	-
Attorney Child Support Agreement	69,900	69,900	69,365	535
Attorney Incentive Match	25,938	25,938	18,636	7,302
Miscellaneous	136,000	136,000	101,263	34,737
Nuclear Accident Emergency Preparedness	73,126	73,126	43,412	29,714
Public Works:				
County Surveyor	12,812	12,812	10,207	2,605

(Continued)

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

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>DISBURSEMENTS (Continued)</b>				
Public Health:				
Miscellaneous	52,228	52,228	45,103	7,125
Public Assistance:				
Veterans' Service Officer	52,594	52,693	52,594	99
Senior Citizen Handi-Bus	-	-	-	-
Miscellaneous	10,828	10,828	10,828	-
<b>TOTAL DISBURSEMENTS</b>	<u>3,348,183</u>	<u>3,373,183</u>	<u>3,188,870</u>	<u>184,313</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>1,376,422</u>	<u>1,351,422</u>	<u>1,286,299</u>	<u>(65,123)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	165,000	165,000	225,000	60,000
Transfers out	(1,494,336)	(1,494,336)	(1,393,597)	100,739
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,329,336)</u>	<u>(1,329,336)</u>	<u>(1,168,597)</u>	<u>160,739</u>
Net Change in Fund Balance	47,086	22,086	117,702	95,616
<b>FUND BALANCE - BEGINNING</b>	<u>315,383</u>	<u>315,383</u>	<u>315,383</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 362,469</u>	<u>\$ 337,469</u>	<u>\$ 433,085</u>	<u>\$ 95,616</u>

(Concluded)

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

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD FUND</b>				
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,097,274	\$ 1,097,274	\$ 1,011,012	\$ (86,262)
Charges for Services	13,600	13,600	13,238	(362)
Miscellaneous	20,000	20,000	59,326	39,326
<b>TOTAL RECEIPTS</b>	<u>1,130,874</u>	<u>1,130,874</u>	<u>1,083,576</u>	<u>(47,298)</u>
<b>DISBURSEMENTS</b>	<u>2,827,699</u>	<u>2,827,699</u>	<u>2,371,867</u>	<u>455,832</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(1,696,825)</u>	<u>(1,696,825)</u>	<u>(1,288,291)</u>	<u>408,534</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,705,651	1,705,651	1,406,383	(299,268)
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,705,651</u>	<u>1,705,651</u>	<u>1,406,383</u>	<u>(299,268)</u>
Net Change in Fund Balance	8,826	8,826	118,092	109,266
FUND BALANCE - BEGINNING	220,854	220,854	220,854	-
FUND BALANCE - ENDING	<u>\$ 229,680</u>	<u>\$ 229,680</u>	<u>\$ 338,946</u>	<u>\$ 109,266</u>
<b>INHERITANCE FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 249,971	\$ 249,971	\$ 298,185	\$ 48,214
Miscellaneous	100,000	100,000	-	(100,000)
<b>TOTAL RECEIPTS</b>	<u>349,971</u>	<u>349,971</u>	<u>298,185</u>	<u>(51,786)</u>
<b>DISBURSEMENTS</b>	<u>575,000</u>	<u>575,000</u>	<u>74,973</u>	<u>500,027</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(225,029)</u>	<u>(225,029)</u>	<u>223,212</u>	<u>448,241</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	34,109	34,109
Transfers out	(165,000)	(165,000)	(259,109)	(94,109)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(165,000)</u>	<u>(165,000)</u>	<u>(225,000)</u>	<u>(60,000)</u>
Net Change in Fund Balance	(390,029)	(390,029)	(1,788)	388,241
FUND BALANCE - BEGINNING	390,029	390,029	390,029	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 388,241</u>	<u>\$ 388,241</u>

(Continued)

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

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD/BRIDGE CONSTRUCTION</b>				
<b>HIGHWAY ALLOCATION FUND</b>				
<b>RECEIPTS</b>				
Interest	\$ -	\$ -	\$ 7,142	\$ 7,142
Miscellaneous	-	-	500	500
<b>TOTAL RECEIPTS</b>	<u>-</u>	<u>-</u>	<u>7,642</u>	<u>7,642</u>
<b>DISBURSEMENTS</b>	<u>1,977,000</u>	<u>1,977,000</u>	<u>921,632</u>	<u>1,055,368</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(1,977,000)</u>	<u>(1,977,000)</u>	<u>(913,990)</u>	<u>1,063,010</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(30,435)	(30,435)
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>(30,435)</u>	<u>(30,435)</u>
Net Change in Fund Balance	(1,977,000)	(1,977,000)	(944,425)	1,032,575
FUND BALANCE - BEGINNING	1,977,000	1,977,000	1,977,000	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,032,575</u>	<u>\$ 1,032,575</u>

(Concluded)

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

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>FEDERAL MATCHING FUND</b>				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	238,841	238,841	-	238,841
Net Change in Fund Balance	(238,841)	(238,841)	-	238,841
FUND BALANCE - BEGINNING	238,841	238,841	238,841	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 238,841</u>	<u>\$ 238,841</u>
<b>CIVIL DEFENSE FUND</b>				
RECEIPTS	\$ 250,000	\$ 250,000	\$ -	\$ (250,000)
DISBURSEMENTS	250,000	250,000	-	250,000
Net Change in Fund Balance	-	-	-	-
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>CHROMATOGRAPH FUND</b>				
RECEIPTS	\$ -	\$ -	\$ 2,924	\$ 2,924
DISBURSEMENTS	7,081	7,081	4,454	2,627
Net Change in Fund Balance	(7,081)	(7,081)	(1,530)	5,551
FUND BALANCE - BEGINNING	7,081	7,081	7,081	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,551</u>	<u>\$ 5,551</u>

(Continued)

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

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>VISITOR'S PROMOTION FUND</u></b>				
RECEIPTS	\$ 10,000	\$ 10,000	\$ 25,713	\$ 15,713
DISBURSEMENTS	33,114	33,114	10,462	22,652
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(45,729)	(45,729)	(52,805)	(7,076)
TOTAL OTHER FINANCING SOURCES (USES)	(45,729)	(45,729)	(52,805)	(7,076)
Net Change in Fund Balance	(68,843)	(68,843)	(37,554)	31,289
FUND BALANCE - BEGINNING	73,217	73,217	73,217	-
FUND BALANCE - ENDING	<u>\$ 4,374</u>	<u>\$ 4,374</u>	<u>\$ 35,663</u>	<u>\$ 31,289</u>
<b><u>EMPLOYMENT SECURITY FUND</u></b>				
RECEIPTS	\$ 31,111	\$ 31,111	\$ 33,939	\$ 2,828
DISBURSEMENTS	45,000	45,000	28,610	16,390
Net Change in Fund Balance	(13,889)	(13,889)	5,329	19,218
FUND BALANCE - BEGINNING	15,239	15,239	15,239	-
FUND BALANCE - ENDING	<u>\$ 1,350</u>	<u>\$ 1,350</u>	<u>\$ 20,568</u>	<u>\$ 19,218</u>
<b><u>MEDICAL RELIEF FUND</u></b>				
RECEIPTS	\$ 8,610	\$ 8,610	\$ 12,010	\$ 3,400
DISBURSEMENTS	46,000	46,000	5,563	40,437
Net Change in Fund Balance	(37,390)	(37,390)	6,447	43,837
FUND BALANCE - BEGINNING	67,042	67,042	67,042	-
FUND BALANCE - ENDING	<u>\$ 29,652</u>	<u>\$ 29,652</u>	<u>\$ 73,489</u>	<u>\$ 43,837</u>

(Continued)

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

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>INSTITUTIONS FUND</b>				
RECEIPTS	\$ 4,794	\$ 4,794	\$ 4,461	\$ (333)
DISBURSEMENTS	16,000	16,000	4,959	11,041
Net Change in Fund Balance	(11,206)	(11,206)	(498)	10,708
FUND BALANCE - BEGINNING	13,319	13,319	13,319	-
FUND BALANCE - ENDING	<u>\$ 2,113</u>	<u>\$ 2,113</u>	<u>\$ 12,821</u>	<u>\$ 10,708</u>
<b>VETERANS' AID FUND</b>				
RECEIPTS	\$ 2,407	\$ 2,407	\$ 2,593	\$ 186
DISBURSEMENTS	3,000	3,000	3,000	-
Net Change in Fund Balance	(593)	(593)	(407)	186
FUND BALANCE - BEGINNING	693	693	693	-
FUND BALANCE - ENDING	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 286</u>	<u>\$ 186</u>
<b>COUNTY DRUG LAW ENFORCEMENT FUND</b>				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	873	873	-	873
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>

(Continued)

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

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>FEDERAL FORFEITURE FUND</u></b>				
RECEIPTS	\$ -	\$ -	\$ 1	\$ 1
DISBURSEMENTS	3,516	3,516	3,143	373
Net Change in Fund Balance	(3,516)	(3,516)	(3,142)	374
FUND BALANCE - BEGINNING	3,516	3,516	3,516	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 374</u>	<u>\$ 374</u>
<b><u>JUVENILE SERVICES GRANT FUND</u></b>				
RECEIPTS	\$ 31,171	\$ 31,171	\$ 31,171	\$ -
DISBURSEMENTS	32,321	32,321	31,171	1,150
Net Change in Fund Balance	(1,150)	(1,150)	-	1,150
FUND BALANCE - BEGINNING	1,150	1,150	1,150	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,150</u>	<u>\$ 1,150</u>
<b><u>NATURAL DISASTER FUND</u></b>				
RECEIPTS	\$ 88,569	\$ 88,569	\$ 1,579	\$ (86,990)
DISBURSEMENTS	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(228,006)	(228,006)	-	228,006
TOTAL OTHER FINANCING SOURCES (USES)	(228,006)	(228,006)	-	228,006
Net Change in Fund Balance	(139,437)	(139,437)	1,579	141,016
FUND BALANCE - BEGINNING	139,437	139,437	139,437	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 141,016</u>	<u>\$ 141,016</u>

(Continued)

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

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>NOXIOUS WEED FUND</b>				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	19,400	19,400	11,077	8,323
OTHER FINANCING SOURCES (USES)				
Transfers in	16,691	16,691	17,649	958
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	16,691	16,691	17,649	958
Net Change in Fund Balance	(2,709)	(2,709)	6,572	9,281
FUND BALANCE - BEGINNING	2,709	2,709	2,709	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 9,281	\$ 9,281
<b>VISITOR'S IMPROVEMENT FUND</b>				
RECEIPTS	\$ 10,000	\$ 10,000	\$ 6,135	\$ (3,865)
DISBURSEMENTS	55,729	55,729	19,250	36,479
OTHER FINANCING SOURCES (USES)				
Transfers in	42,729	42,729	52,805	10,076
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	42,729	42,729	52,805	10,076
Net Change in Fund Balance	(3,000)	(3,000)	39,690	42,690
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	\$ (3,000)	\$ (3,000)	\$ 39,690	\$ 42,690

(Continued)

RICHARDSON COUNTY  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**NONMAJOR FUNDS**  
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>HIGHWAY ALLOCATION</b>				
<b>BOND FUND</b>				
RECEIPTS	\$ 238,000	\$ 238,000	\$ 163,765	\$ (74,235)
DISBURSEMENTS	238,000	238,000	148,216	89,784
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	34,109	34,109
Transfers out	-	-	(34,109)	(34,109)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balance	-	-	15,549	15,549
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 15,549	\$ 15,549

(Concluded)

RICHARDSON COUNTY  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
 CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
 For the Year Ended June 30, 2012

	Federal Matching Fund	Chromatograph Fund	Visitor's Promotion Fund	Employment Security Fund	Medical Relief Fund
<b>RECEIPTS</b>					
Property Taxes	\$ -	\$ -	\$ 25,713	\$ 31,621	\$ 11,258
Interest	-	-	-	-	-
Intergovernmental	-	-	-	2,282	735
Charges for Services	-	2,924	-	-	-
Miscellaneous	-	-	-	36	17
<b>TOTAL RECEIPTS</b>	<b>-</b>	<b>2,924</b>	<b>25,713</b>	<b>33,939</b>	<b>12,010</b>
<b>DISBURSEMENTS</b>					
General Government	-	-	-	28,610	-
Public Safety	-	4,454	-	-	-
Public Works	-	-	-	-	-
Public Assistance	-	-	-	-	5,563
Culture and Recreation	-	-	10,462	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<b>-</b>	<b>4,454</b>	<b>10,462</b>	<b>28,610</b>	<b>5,563</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>-</b>	<b>(1,530)</b>	<b>15,251</b>	<b>5,329</b>	<b>6,447</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	(52,805)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>(52,805)</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	-	(1,530)	(37,554)	5,329	6,447
<b>FUND BALANCES - BEGINNING</b>	<b>238,841</b>	<b>7,081</b>	<b>73,217</b>	<b>15,239</b>	<b>67,042</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 238,841</b>	<b>\$ 5,551</b>	<b>\$ 35,663</b>	<b>\$ 20,568</b>	<b>\$ 73,489</b>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	\$ -	\$ -	\$ 35,663	\$ -	\$ -
Drug Education	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Debt Service	-	-	-	-	-
Committed to:					
Law Enforcement	-	5,551	-	-	-
Road Maintenance	238,841	-	-	-	-
Aid and Assistance	-	-	-	-	73,489
Unemployment Benefits	-	-	-	20,568	-
Weed Control	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>\$ 238,841</b>	<b>\$ 5,551</b>	<b>\$ 35,663</b>	<b>\$ 20,568</b>	<b>\$ 73,489</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, 2012

	Institutions Fund	Veterans' Aid Fund	County Drug Law Enforcement Fund	Federal Forfeiture Fund	Juvenile Services Grant Fund
<b>RECEIPTS</b>					
Property Taxes	\$ 4,031	\$ 2,409	\$ -	\$ -	\$ -
Interest	-	-	-	1	-
Intergovernmental	427	181	-	-	31,171
Charges for Services	-	-	-	-	-
Miscellaneous	3	3	-	-	-
<b>TOTAL RECEIPTS</b>	<u>4,461</u>	<u>2,593</u>	<u>-</u>	<u>1</u>	<u>31,171</u>
<b>DISBURSEMENTS</b>					
General Government	-	-	-	-	-
Public Safety	-	-	-	3,143	31,171
Public Works	-	-	-	-	-
Public Assistance	4,959	3,000	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>4,959</u>	<u>3,000</u>	<u>-</u>	<u>3,143</u>	<u>31,171</u>
<b>EXCESS (DEFICIENCY)</b> <b>OF RECEIPTS OVER</b> <b>DISBURSEMENTS</b>	<u>(498)</u>	<u>(407)</u>	<u>-</u>	<u>(3,142)</u>	<u>-</u>
<b>OTHER FINANCING</b> <b>SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>TOTAL OTHER FINANCING</b> <b>SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(498)	(407)	-	(3,142)	-
<b>FUND BALANCES - BEGINNING</b>	<u>13,319</u>	<u>693</u>	<u>873</u>	<u>3,516</u>	<u>1,150</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 12,821</u>	<u>\$ 286</u>	<u>\$ 873</u>	<u>\$ 374</u>	<u>\$ 1,150</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	\$ -	\$ -	\$ -	\$ -	\$ -
Drug Education	-	-	873	-	-
Law Enforcement	-	-	-	374	1,150
Debt Service	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Road Maintenance	-	-	-	-	-
Aid and Assistance	12,821	286	-	-	-
Unemployment Benefits	-	-	-	-	-
Weed Control	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 12,821</u>	<u>\$ 286</u>	<u>\$ 873</u>	<u>\$ 374</u>	<u>\$ 1,150</u>

(Continued)

RICHARDSON COUNTY  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
 CHANGES IN CASH BASIS FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS**  
 For the Year Ended June 30, 2012

	Natural Disaster Fund	Noxious Weed Fund	Visitor's Improvement Fund	Highway Allocation Bond Fund	Total Nonmajor Governmental Funds
<b>RECEIPTS</b>					
Property Taxes	\$ -	\$ -	\$ 6,135	\$ 149,287	\$ 230,454
Interest	-	-	-	-	1
Intergovernmental	1,579	-	-	14,478	50,853
Charges for Services	-	-	-	-	2,924
Miscellaneous	-	-	-	-	59
<b>TOTAL RECEIPTS</b>	<u>1,579</u>	<u>-</u>	<u>6,135</u>	<u>163,765</u>	<u>284,291</u>
<b>DISBURSEMENTS</b>					
General Government	-	-	-	-	28,610
Public Safety	-	-	-	-	38,768
Public Works	-	11,077	-	-	11,077
Public Assistance	-	-	-	-	13,522
Culture and Recreation	-	-	19,250	-	29,712
Debt Service:					
Principal Payments	-	-	-	80,000	80,000
Interest and Fiscal Charges	-	-	-	68,216	68,216
<b>TOTAL DISBURSEMENTS</b>	<u>-</u>	<u>11,077</u>	<u>19,250</u>	<u>148,216</u>	<u>269,905</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>1,579</u>	<u>(11,077)</u>	<u>(13,115)</u>	<u>15,549</u>	<u>14,386</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	17,649	52,805	34,109	104,563
Transfers out	-	-	-	(34,109)	(86,914)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>17,649</u>	<u>52,805</u>	<u>-</u>	<u>17,649</u>
Net Change in Fund Balances	1,579	6,572	39,690	15,549	32,035
<b>FUND BALANCES - BEGINNING</b>	<u>139,437</u>	<u>2,709</u>	<u>-</u>	<u>-</u>	<u>563,117</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 141,016</u>	<u>\$ 9,281</u>	<u>\$ 39,690</u>	<u>\$ 15,549</u>	<u>\$ 595,152</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	\$ -	\$ -	\$ 39,690	\$ -	\$ 75,353
Drug Education	-	-	-	-	873
Law Enforcement	-	-	-	-	1,524
Debt Service	-	-	-	15,549	15,549
Committed to:					
Law Enforcement	-	-	-	-	5,551
Road Maintenance	141,016	-	-	-	379,857
Aid and Assistance	-	-	-	-	86,596
Unemployment Benefits	-	-	-	-	20,568
Weed Control	-	9,281	-	-	9,281
<b>TOTAL FUND BALANCES</b>	<u>\$ 141,016</u>	<u>\$ 9,281</u>	<u>\$ 39,690</u>	<u>\$ 15,549</u>	<u>\$ 595,152</u>

(Concluded)

**RICHARDSON COUNTY**  
**SCHEDULE OF OFFICE ACTIVITIES**  
For the Year Ended June 30, 2012

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Highway Superintendent	Veterans' Service Officer	Total
BALANCES JULY 1, 2011	\$ 2,794	\$ 10,222	\$ 24,655	\$ 2,213	\$ 8,161	\$ 2,995	\$ 51,040
<b>RECEIPTS</b>							
Licenses and Permits	885	-	495	-	-	-	1,380
Charges for Services	53,167	17,653	40,074	1,890	25,654	-	138,438
Miscellaneous	-	-	2,933	-	-	-	2,933
State Fees	59,243	12,018	394	-	922	-	72,577
Other Liabilities	-	321,594	127,340	58,562	242	1,207	508,945
<b>TOTAL RECEIPTS</b>	<b>113,295</b>	<b>351,265</b>	<b>171,236</b>	<b>60,452</b>	<b>26,818</b>	<b>1,207</b>	<b>724,273</b>
<b>DISBURSEMENTS</b>							
Payments to County Treasurer	51,246	19,014	46,638	1,580	32,177	-	150,655
Payments to State Treasurer	55,585	12,746	309	-	-	-	68,640
Other Liabilities	-	314,379	127,045	58,616	-	2,425	502,465
<b>TOTAL DISBURSEMENTS</b>	<b>106,831</b>	<b>346,139</b>	<b>173,992</b>	<b>60,196</b>	<b>32,177</b>	<b>2,425</b>	<b>721,760</b>
BALANCES JUNE 30, 2012	<u>\$ 9,258</u>	<u>\$ 15,348</u>	<u>\$ 21,899</u>	<u>\$ 2,469</u>	<u>\$ 2,802</u>	<u>\$ 1,777</u>	<u>\$ 53,553</u>
<b>BALANCES CONSIST OF:</b>							
Due to County Treasurer	\$ 4,820	\$ 573	\$ 19,001	\$ 370	\$ 2,302	\$ 1,777	\$ 28,843
Petty Cash	150	290	2,000	-	500	-	2,940
Due to State Treasurer	4,288	427	104	-	-	-	4,819
Due to Others	-	14,058	794	2,099	-	-	16,951
BALANCES JUNE 30, 2012	<u>\$ 9,258</u>	<u>\$ 15,348</u>	<u>\$ 21,899</u>	<u>\$ 2,469</u>	<u>\$ 2,802</u>	<u>\$ 1,777</u>	<u>\$ 53,553</u>

**RICHARDSON COUNTY**  
**SCHEDULE OF TAXES CERTIFIED AND COLLECTED FOR**  
**ALL POLITICAL SUBDIVISIONS IN THE COUNTY**  
June 30, 2012

Item	2007	2008	2009	2010	2011
<b>Tax Certified by Assessor</b>					
Real Estate	\$ 9,618,319	\$ 11,011,070	\$ 11,512,313	\$ 12,624,109	\$ 14,442,108
Personal and Specials	624,237	645,116	751,389	786,528	966,398
<b>Total</b>	<b>10,242,556</b>	<b>11,656,186</b>	<b>12,263,702</b>	<b>13,410,637</b>	<b>15,408,506</b>
<b>Corrections</b>					
Additions	3,041	642	3,192	8,103	19,302
Deductions	(11,941)	(9,838)	(4,750)	(6,109)	(12,675)
Net Additions/ (Deductions)	(8,900)	(9,196)	(1,558)	1,994	6,627
<b>Corrected Certified Tax</b>	<b>10,233,656</b>	<b>11,646,990</b>	<b>12,262,144</b>	<b>13,412,631</b>	<b>15,415,133</b>
<b>Net Tax Collected by County Treasurer during Fiscal Year Ending:</b>					
June 30, 2008	5,990,381	-	-	-	-
June 30, 2009	4,201,390	6,929,160	-	-	-
June 30, 2010	17,914	4,667,369	7,462,393	-	-
June 30, 2011	13,683	28,779	4,765,310	8,240,205	-
June 30, 2012	3,974	9,920	21,441	5,140,749	9,601,311
<b>Total Net Collections</b>	<b>10,227,342</b>	<b>11,635,228</b>	<b>12,249,144</b>	<b>13,380,954</b>	<b>9,601,311</b>
<b>Total Uncollected Tax</b>	<b>\$ 6,314</b>	<b>\$ 11,762</b>	<b>\$ 13,000</b>	<b>\$ 31,677</b>	<b>\$ 5,813,822</b>
<b>Percentage Uncollected Tax</b>	<b>0.06%</b>	<b>0.10%</b>	<b>0.11%</b>	<b>0.24%</b>	<b>37.72%</b>



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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

Board of Commissioners  
Richardson County, Nebraska

We have audited 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, 2012, and have issued our report thereon dated September 25, 2012. The report notes the financial statements were prepared on the basis of cash receipts and disbursements. Except as noted above, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

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

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

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

- The County offices had a lack of segregation of duties since one person could handle all aspects of processing a transaction from beginning to end. Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. Due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost.

*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.*

*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.*

- The County Treasurer did not have procedures in place to ensure the complete and accurate daily balancing of office assets to the liabilities or the timely recording of all monies received. Numerous reconciling items were identified between bank records and the County records.

#### 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 the management of Richardson County in a separate letter dated September 25, 2012.

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

Signed Original on File

September 25, 2012

Deann Haeffner, CPA  
Assistant Deputy Auditor

**MANAGEMENT LETTER  
OF  
RICHARDSON COUNTY**

**JULY 1, 2011 THROUGH JUNE 30, 2012**

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

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

**Issued on October 29, 2012**



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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September 25, 2012

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, 2012, and have issued our report thereon dated September 25, 2012. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

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

### **COUNTY OVERALL**

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#### **Segregation of Duties**

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

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

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

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

*County'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 remain unclaimed for more than three years is presumed abandoned. Additionally, Neb. Rev. Stat. § 69-1310 (Reissue 2009) requires such items be reported to the Nebraska State Treasurer before November 1<sup>st</sup> of each year as of June 30 next preceding.

During our audit, we noted the following as of June 30, 2012:

- The County Attorney's bank account included one check for \$3, which had been outstanding in excess of four years.
- The County Treasurer's bank account included two checks, totaling \$308, which had been outstanding in excess of four years.
- The County Sheriff's bank account included three checks, totaling \$75, which had been outstanding in excess of four years.

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

*County's Response: All offices will be contacted to instruct them to submit personal property that is held by the respective office for more than three years. Such property would be presumed to be abandoned and would be required by Nebraska Rev. Stat. § 69-1310 (Reissue 2009) for such to be reported to the Nebraska State Treasurer before November 1<sup>st</sup> of each year as of June 30 next preceding.*

## COUNTY TREASURER

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### **Balancing Procedures**

The County Treasurer did not have procedures in place to ensure the complete and accurate daily balancing of office assets to liabilities. One of the office bank accounts had not been reconciled since June 2011. As of June 30, 2012, the office assets exceeded the liabilities by \$42,223. The following items were identified:

- Property Tax Credit of \$34,992 and Homestead Exemption of \$231 were not posted to the accounting system.
- Disbursements totaling \$9,031 were posted twice.
- An ending balance from the January 2012 balance sheet was not carried forward correctly to the beginning balance on the February 2012 balance sheet, resulting in a variance of \$2,031.

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

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

### **Receipting Procedures**

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

- Thirteen payments from the State of Nebraska were not receipted into the accounting system within 30 days of receipt.
- \$158,574 of payments from the State of Nebraska received throughout the fiscal year were not receipted as of August 13, 2012.
- \$786 in interest earned in June 2012 was not receipted until July 30, 2012.
- \$12,712 in Omaha Public Power District In-Lieu of Taxes received in March 2012 had not been receipted and distributed as of August 13, 2012.
- Two State payments totaling \$37,748 were receipted twice.
- The amount of State Property Tax Credit was incorrectly receipted, resulting in a variance of \$34,992.

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

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

### **End of Month Closing**

The computer systems monthly accounting periods were not being closed on a consistent basis. During fieldwork in August 2012, it could not be determined when the system was last closed. The system is utilized for assessment, taxation, and accounting software in the County Assessor and County Treasurer offices. It should be noted, however, that the "closing" of an accounting period only prohibits the unposting of transactions and does not prohibit entry of any new transactions into a "closed" period through the back-dating of transactions.

Sound accounting practices and good internal control procedures require accounting periods be closed to any changes shortly after the end of an accounting period in order to provide assurance that period-end accounting balances provide complete, accurate, and timely information. Failure to completely close accounting periods to any changes, including adding of new transactions, voiding/unposting of posted transactions, etc. in a timely manner each month increases the risk that future financial transactions could be recorded in an incorrect accounting period or voided erroneously and result in a distortion of an entity's accounting information.

We recommend accounting periods be closed to any changes shortly after the end of each accounting period in order to provide the County with complete, accurate, and reliable financial information.

### **Property Tax Credit Distribution**

We recalculated all Property Tax Credit distributions and compared these calculations to the amounts posted to the County Treasurer's general ledger and noted the following:

- \$23,692 in property tax credit received was not receipted or distributed to the various subdivisions as required.
- No commission was charged on property tax credit distributions. The total commission not receipted was \$6,441.
- The excess property tax credit of \$4,858 received from the State was not receipted to the property tax credit holding fund. In June 2012, \$4,433 of the excess property tax credit was returned to the State Treasurer, resulting in the holding fund to reflect a negative balance. The remaining \$425 in excess property tax credit was never remitted to the State.

- At June 30, 2012, there was a negative balance of \$28,389 in the property tax credit holding fund. This is due to the errors noted above, as well as a mistake noted in the prior year when the County Treasurer distributed the property tax credit based on an incorrectly certified tax credit rate.

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

When the property tax credit is not properly distributed, the County Treasurer is not in compliance with State statutes, and political subdivisions do not receive all monies due to them.

We recommend procedures be implemented to ensure the amount of all property tax credits are completely and accurately receipted and distributed, commission is properly charged, and any unused credit be promptly returned to the State Treasurer by July 1.

### **Motor Vehicle Taxes**

During testing of the motor vehicle tax distributions, we noted two months where the amounts posted to the County General Fund, and two village funds were incorrect.

- During March 2012, the County General Fund received an excess \$89, and one village was shorted \$80, and a second village was shorted \$9.
- During April 2012, the County General Fund received an excess \$6, and a village was shorted \$6.

Neb. Rev. Stat. § 60-3,186 (Reissue 2010) states that motor vehicle tax shall be distributed at a rate of 18% to the city or village, 22% to the county, and 60% to the school in the tax district where the motor vehicle is owned. When distributions are improperly posted, the County Treasurer is not in compliance with State statute, and subdivisions do not receive the correct taxes due them.

We recommend the County Treasurer review the procedures for posting motor vehicle taxes to ensure they are accurate.

### **Tax Commission on Tax Increment Financing**

During testing of the distribution of Tax Increment Financing (TIF) receipts, we noted that no commission was charged on any of these collections. This resulted in \$96 of property tax commissions not being collected by the County.

Neb. Rev. Stat. § 33-114 (Reissue 2008) states that the County Treasurer shall receive, for services rendered, one percent of all money collected for municipal taxes. When commissions are not properly charged, the County Treasurer is not in compliance with State statute, and there is an increased risk of loss of funds due to the County.

We recommend the County Treasurer implement procedures to ensure that all commissions are properly charged and collected on property tax receipts.

### **Nameplate Capacity Distribution**

The County Treasurer did not properly distribute the Nameplate Capacity Tax received in March 2012. One school district received \$208 less than required, with the other political subdivisions in the district receiving more than required.

Neb. Rev. Stat. § 77-6204 (Cum. Supp. 2010) states, in part, “The county treasurer shall distribute all revenue received from the Department of Revenue pursuant to section 77-6203 to local taxing entities which, but for such personal property tax exemption, would have received distribution of personal property tax revenue from depreciable personal property used directly in the generation of electricity using wind as the fuel source.”

When nameplate capacity tax collections are not appropriately distributed, the County is not in compliance with State statute and subdivisions do not receive the correct amount of monies due them.

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

### **Trust Accountability**

At June 30, 2012, \$30,639 in trust balances being held were not current/active:

- \$852 in partial payments; and
- \$29,787 in tax sale redemptions, all of which could not be identified to a tax sale certificate.

Sound accounting practices and good internal control require trust balances be reviewed on an on-going, timely basis to ensure all accounts are properly accounted for and current or active.

When trust balances are not continually reviewed and accounted for, there is an increased risk of loss, theft, or misuse. A similar comment was noted in the prior audit.

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

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

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

A semi-annual statement of office activity was not published by the County Treasurer in July 2012. As of our August 13, 2012, a semi-annual statement had not yet been published due to the office's records not being balanced.

When semi-annual statements are not published, the County Treasurer is not in compliance with State statute and taxpayers are not provided complete and accurate information regarding the status of County finances. A similar comment was noted in the prior audit.

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

### **School Treasurer Surety Bonds**

Neb. Rev. Stat. § 11-107 (Reissue 2007) requires the official bonds of a school district treasurer be filed in the office of the County Treasurer.

We noted two school districts which did not have current surety bonds on file with the County Treasurer. When current bonds are not on file, there is an increased risk that school district collections are being remitted to uninsured recipients.

We recommend the County Treasurer ensure that current surety bonds are on file for all school district treasurers.

### **Disbursement Procedures**

During testing of disbursements made by the County Treasurer, we noted the following:

- Two of ten disbursements tested were not remitted in the time frame required by State statute, both payments were remitted three days after the 15<sup>th</sup> of the month following collections. One payment was to a village and one payment was to a school district.
- Three of ten disbursements tested could not be traced to supporting documentation.

Neb. Rev. Stat. § 23-1601 (Reissue 2007) states "On or before the fifteenth day of each month, the county treasurer (i) shall pay to each city, village, school district...located within the county the amount of all funds collected or received for the city, village, school district...the previous calendar month." Sound accounting practices require documentation be maintained for all amounts disbursed.

When disbursements are not made in a timely manner, the County Treasurer is not in compliance with State statute. Additionally, when supporting documentation is not maintained for all amounts disbursed, there is an increased risk of loss or misuse of county funds.

We recommend the County Treasurer ensure all disbursements are made timely and in compliance with State statute. Additionally, supporting documentation should be maintained for all disbursements processed.

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## COUNTY ASSESSOR

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### **Tax Corrections**

We noted two approved tax corrections which were not entered into the tax roll correctly. This caused the 2010 taxes due to be overstated by \$570 and the 2011 taxes due to be overstated by \$77. Additionally, we noted two tax corrections which were approved in June 2012, but had not been entered into the system as of August 15, 2012. This caused the 2011 taxes due to be overstated by \$30.

Sound accounting practices and good internal controls required that tax corrections be entered into the system correctly and timely.

We recommend the County Assessor ensure that all tax corrections approved by the County Board of Equalization are entered correctly and in a timely manner.

*County Assessor's Response: We have corrected the two approved tax corrections that were entered incorrectly. The two tax corrections not entered were voided after talking to the County Board, County Clerk and Treasurers Office and after a call to your office.*

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## COUNTY BOARD

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### **Payment of Employees in Advance**

During testing of payroll claims, we noted County employees were being paid prior to the end of the pay period. For hourly employees, payroll checks were processed on the third Tuesday of the month and paid out on the fourth Tuesday of the month. The hours paid included an estimation of hours for the week between the third and fourth Tuesday. Corrections to hours estimated were made in subsequent pay periods. Salaried employees were paid for the entire month on the fourth Tuesday of every month, therefore being paid in advance for the last few days of every month.

Neb. Rev. Stat. § 23-135 (Reissue 2007) states, "All claims against a county shall be filed with the county clerk within ninety days from the time when materials or labor, which form the basis of the claims, have been furnished or performed." Good internal control requires procedures be in place to ensure the County is not paying for services prior to receiving services.

When salaries and benefits are paid to employees before they are earned, there is a potential for overpayment if the employee would leave the position unexpectedly or not work the required number of days.

We recommend the County Board only pay wages after the end of a pay period so wages correctly reflect the hours actually earned.

*County's Response: The current procedures for the payment of County employees has been in place for more than 40 years. The County Board of Commissioners plan to form a committee comprised of County Officials and County employees to review the current payroll process and to develop a revised payroll system.*

### **Publishing of Board Minutes and Audit Report**

Neb. Rev. Stat. § 23-122 (Reissue 2007) requires the County Board to publish a brief statement of all meeting proceedings within ten working days after the close of such meetings. Neb. Rev. Stat. § 23-1608(2) (Reissue 2007) requires the County Board to, in the same manner as the proceedings of the County Board, publish a brief statement disclosing the conclusion of the examination and audit, and that such audit is on file with the County Clerk.

During our audit we noted the following:

- Four of eight Board minutes, selected for testing, were not published within ten working days of the meeting. Three of them were published 12 working days after the meeting, with the fourth being published 15 working days after the meeting.
- The audit report was published 15 working days after the release of the report.

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

We recommend the County Board implement procedures to ensure all proceedings are published within ten working days of the close of its meetings, in addition to ensuring the conclusion of the audit is published within ten working days of the release of the audit report.

*County's Response: The Falls City Journal publishes once a week and at different times it is not possible to achieve this requirement due to holidays and at times the newspaper does not have the space available to print the item that week. The County Board Minutes and all legal publications are also posted on the Richardson County website.*

*Legislation needs to be passed to allow either more time for publication or to approve the posting of the legal notice on a website as a legal publication in addition to the newspaper legal publication.*

## COUNTY SHERIFF

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### Accounting Procedures

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

- At June 30, 2012, office records indicated assets were \$10,595 long when compared to office liabilities.
- Complete and accurate bank reconciliations were not performed on a monthly basis.
- Remittances to the County Treasurer were not timely. Fees were remitted 8 to 52 days after the date required by State statute.
- Fee claims submitted to the County were not timely. We noted claims as having been submitted two to four months after service performance.
- During a surprise cash count performed August 9, 2012, three checks on hand had not been recorded in the receipt book.
- Several errors were noted on the office's fee sheets including:
  - No receipt was written for a \$299 bond received and subsequently paid out.
  - A \$350 bond was receipted and not remitted to the County Court for nine days.
  - \$135 received on an execution in July 2011, should have been returned to the payee; however, as of August 9, 2012, it was still on hand.
- Financial records were not maintained on a current, on-going basis with June 30, 2012, records not complete at the start of audit fieldwork in August 2012.

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. In addition, good internal control requires procedures be in place to ensure assets (cash on hand, reconciled bank statement, and accounts receivable) agree with office liabilities (fees, trust accounts, and accounts payable); bank reconciliations are performed timely and accurately; trust balances are detailed; all monies received are recorded; all financial records are complete and accurate; and claims are timely.

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

We recommend the County Sheriff submit reports to the County Board in accordance with State statutes. We also recommend the County Sheriff implement numerous financial procedures including complete and accurate recording of all financial activity as well as timely, documented monthly balancing procedures, including bank reconciliations and analysis of bank activity.

**Distress Warrants**

Neb. Rev. Stat. § 77-1719.01 (Reissue 2009) states “On or before August 1 of each year, the sheriff shall report to the county board showing the total amount collected on current distress warrants and the amount remaining uncollected.”

The County Sheriff did not submit a Distress Warrant report to the County Board by August 1<sup>st</sup> as required by State statute.

We recommend the County Sheriff implement procedures to ensure the distress warrant report is submitted to the County Board as required by State statute.

**Petty Cash**

At June 30, 2012, the County Sheriff’s authorized petty cash fund of \$2,000 was short by \$261.

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

We recommend petty cash funds be maintained at their authorized amount.

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

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

This report is intended solely for the information and use of the County, the appropriate Federal and regulatory agencies, and citizens of the State of Nebraska, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

Signed Original on File

Deann Haeffner, CPA  
Assistant Deputy Auditor