

**AUDIT REPORT
OF
RICHARDSON COUNTY**

JULY 1, 2015 THROUGH JUNE 30, 2016

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the Auditor of Public Accounts.**

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Issued on September 9, 2016

RICHARDSON COUNTY

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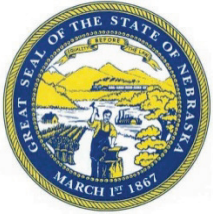
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RICHARDSON COUNTY

LIST OF COUNTY OFFICIALS

At June 30, 2016

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	David Sickel	Jan. 2017
	Myron Davidson	Jan. 2019
	James Standerford	Jan. 2017
Assessor	Pam Vice	Jan. 2019
Attorney	Douglas Merz	Jan. 2019
Clerk Election Commissioner Register of Deeds	Mary Eickhoff	Jan. 2019
Clerk of the District Court	Pamela Scott	Jan. 2019
Sheriff	Don Pounds	Jan. 2019
Treasurer	Austin Duerfeldt	Jan. 2019
Veterans' Service Officer	Mona Godemann	Appointed
Highway Superintendent	Scott Huppert	Appointed



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RICHARDSON COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Richardson County, Nebraska

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Richardson County, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and aggregate remaining fund information of Richardson County as of June 30, 2016, and the respective changes in cash-basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Emphasis of Matters – Basis of Accounting

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

Report on Supplementary Information

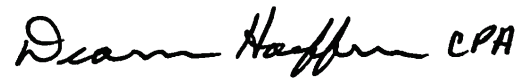
Our audit was conducted for the purpose of forming opinions on the financial statements as a whole, which collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes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

The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, pages 19-32, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2016, 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* in considering Richardson County's internal control over financial reporting and compliance.

September 6, 2016



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

RICHARDSON COUNTY
STATEMENT OF NET POSITION - CASH BASIS

June 30, 2016

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 3,498,227
Investments (Note 1.D)	478,816
TOTAL ASSETS	<u><u>\$ 3,977,043</u></u>
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 62,498
Road Maintenance	594,189
Law Enforcement	64,617
Preservation of Records	15,702
Debt Service	435,498
Camp Cornhusker Shelter	3,590
Natural Disasters	275,122
Unrestricted	2,525,827
TOTAL NET POSITION	<u><u>\$ 3,977,043</u></u>

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

RICHARDSON COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS

For the Year Ended June 30, 2016

Functions:	Cash Disbursements	Program Cash Receipts		Net (Disbursement)
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Receipts and Changes in Net Position
Governmental Activities:				
General Government	\$ (2,487,563)	\$ 433,293	\$ 84,188	\$ (1,970,082)
Public Safety	(1,659,602)	58,193	151,446	(1,449,963)
Public Works	(2,838,816)	1,100	1,687,013	(1,150,703)
Health and Sanitation	(47,996)	-	-	(47,996)
Public Assistance	(105,446)	-	-	(105,446)
Culture and Recreation	(50,140)	-	-	(50,140)
Debt Payments	(365,650)	-	-	(365,650)
Capital Outlay	(3,245,849)	-	-	(3,245,849)
Total Governmental Activities	\$ (10,801,062)	\$ 492,586	\$ 1,922,647	(8,385,829)
General Receipts:				
Property Taxes				5,220,454
Grants and Contributions Not Restricted to Specific Programs				820,207
Investment Income				11,319
Licenses and Permits				26,833
Miscellaneous				108,843
Total General Receipts				6,187,656
Increase in Net Position				(2,198,173)
Net Position - Beginning of year				6,175,216
Net Position - End of year				\$ 3,977,043

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, 2016

	General Fund	Road Fund	Inheritance Fund	Jail/ Correction Complex Fund	Road Buyback Program Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents (Note 1.D)	\$ 554,272	\$ 342,726	\$ 382,984	\$ 454,881	\$594,189	\$ 1,169,175	\$ 3,498,227
Investments (Note 1.D)	-	-	478,816	-	-	-	478,816
TOTAL ASSETS	<u>\$ 554,272</u>	<u>\$ 342,726</u>	<u>\$ 861,800</u>	<u>\$ 454,881</u>	<u>\$594,189</u>	<u>\$ 1,169,175</u>	<u>\$ 3,977,043</u>
FUND BALANCES							
Restricted for:							
Visitor Promotion	-	-	-	-	-	62,498	62,498
Road Maintenance	-	-	-	-	594,189	-	594,189
Law Enforcement	-	-	-	-	-	64,617	64,617
Preservation of Records	-	-	-	-	-	15,702	15,702
Debt Service	-	-	-	-	-	435,498	435,498
Camp Cornhusker Shelter	-	-	-	-	-	3,590	3,590
Natural Disasters	-	-	-	-	-	275,122	275,122
Committed to:							
Law Enforcement	-	-	-	-	-	242,882	242,882
Road Maintenance	-	342,726	-	-	-	19,503	362,229
Aid and Assistance	-	-	-	-	-	47,161	47,161
County Buildings	-	-	-	454,881	-	-	454,881
Unemployment Benefits	-	-	-	-	-	1,740	1,740
Weed Control	-	-	-	-	-	862	862
Assigned to:							
Other Purposes	-	-	861,800	-	-	-	861,800
Unassigned	554,272	-	-	-	-	-	554,272
TOTAL CASH BASIS FUND BALANCES	<u>\$ 554,272</u>	<u>\$ 342,726</u>	<u>\$ 861,800</u>	<u>\$ 454,881</u>	<u>\$594,189</u>	<u>\$ 1,169,175</u>	<u>\$ 3,977,043</u>

RICHARDSON COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	General Fund	Road Fund	Inheritance Fund	Jail/ Correction Complex Fund	Road Buyback Program Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS							
Property Taxes	\$4,073,433	\$ -	\$ 601,833	\$ -	\$ -	\$ 545,188	\$ 5,220,454
Licenses and Permits	26,833	-	-	-	-	-	26,833
Investment Income	11,319	-	-	-	-	-	11,319
Intergovernmental	621,221	1,242,316	-	-	295,328	583,989	2,742,854
Charges for Services	481,649	1,100	-	-	-	9,837	492,586
Miscellaneous	79,228	18,746	-	-	-	10,869	108,843
TOTAL RECEIPTS	<u>5,293,683</u>	<u>1,262,162</u>	<u>601,833</u>	<u>-</u>	<u>295,328</u>	<u>1,149,883</u>	<u>8,602,889</u>
DISBURSEMENTS							
General Government	2,332,724	-	128,550	-	-	26,289	2,487,563
Public Safety	1,367,097	-	-	-	-	292,505	1,659,602
Public Works	12,160	2,808,266	-	-	851	17,539	2,838,816
Health and Sanitation	47,996	-	-	-	-	-	47,996
Public Assistance	77,982	-	-	-	-	27,464	105,446
Culture and Recreation	-	-	-	-	-	50,140	50,140
Debt Service:							
Principal Payments	-	-	-	-	-	280,000	280,000
Interest and Fiscal Charges	-	-	-	-	-	85,650	85,650
Capital Outlay	-	-	-	3,245,849	-	-	3,245,849
TOTAL DISBURSEMENTS	<u>3,837,959</u>	<u>2,808,266</u>	<u>128,550</u>	<u>3,245,849</u>	<u>851</u>	<u>779,587</u>	<u>10,801,062</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,455,724</u>	<u>(1,546,104)</u>	<u>473,283</u>	<u>(3,245,849)</u>	<u>294,477</u>	<u>370,296</u>	<u>(2,198,173)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	400,000	1,769,925	10,125	3,700,730	-	10,917	5,891,697
Transfers out	(1,638,337)	-	(400,000)	-	-	(3,853,360)	(5,891,697)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,238,337)</u>	<u>1,769,925</u>	<u>(389,875)</u>	<u>3,700,730</u>	<u>-</u>	<u>(3,842,443)</u>	<u>-</u>
Net Change in Fund Balances	217,387	223,821	83,408	454,881	294,477	(3,472,147)	(2,198,173)
CASH BASIS FUND BALANCES - BEGINNING	<u>336,885</u>	<u>118,905</u>	<u>778,392</u>	<u>-</u>	<u>299,712</u>	<u>4,641,322</u>	<u>6,175,216</u>
CASH BASIS FUND BALANCES - ENDING	<u>\$ 554,272</u>	<u>\$ 342,726</u>	<u>\$ 861,800</u>	<u>\$ 454,881</u>	<u>\$ 594,189</u>	<u>\$ 1,169,175</u>	<u>\$ 3,977,043</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, 2016

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 426,572
 LIABILITIES	
Due to other governments	
State	149,502
Schools	170,162
Educational Service Units	1,556
Technical College	14,446
Natural Resource Districts	3,311
Fire Districts	1,764
Municipalities	30,894
Agricultural Society	350
Others	54,587
TOTAL LIABILITIES	426,572
 TOTAL NET ASSETS	 \$ -

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, 2016

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 that 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 \$32,131 toward the operation of the Region during fiscal year 2016. 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 Southeast District Health Department (Department) to provide public health services. The agreement was established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636 (Reissue 2009, Cum. Supp. 2014).

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 did not contribute toward the operation of the Department during fiscal year 2016. 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 audited in accordance with Neb. Rev. Stat. § 84-304(4) (Supp. 2015). Financial information for the Department is available in that report.

B. Basis of Presentation

Government-Wide Financial Statements. The Statement of Net Position - 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 the following: 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 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.

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/Bridge Fund. This fund is used to account for costs associated with the repair and maintenance of roads and bridges and is primarily funded by State tax receipts.

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

Jail/Correction Complex Fund. This fund is used to account for bond proceeds to be used for the purpose of paying the costs of renovating and improving its existing law enforcement center and constructing an addition thereto, and paying for certain costs of issuance related to the bonds.

Road Buyback Program Fund. This fund is used to account for costs associated with the repair and maintenance of roads and bridges and is primarily funded by State purchase of Federal aid transportation funds at a discounted rate.

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 and Jail Bond Fund account for the resources for, and the payment of, general long-term debt principal, interest, and related costs.

The County designates fund balances as follows:

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

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

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

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Unassigned. This portion of the General Fund is 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 Position - 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 requires 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 are generally 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 Position

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.

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 Position. 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 position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$1,451,216 of restricted net position, which is 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 amount to be raised by taxation. The County Board must hold at least one public hearing on the proposed budget. On or before September 20, the County Board adopts the budget and appropriates the amounts specified in the budget for the departments, offices, activities, and funds of the County.

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

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

2. **Deposits and Investments**

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

At year end, the County's carrying amount of deposits was \$3,498,227 for County funds and \$426,572 for Fiduciary funds. The bank balances for all funds totaled \$4,028,050. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2016, 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 is stated at cost, which approximates market. Investments consisted of \$478,816 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 that 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 participants 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 they become delinquent in two equal installments on May 1 and September 1. Motor vehicle taxes are due when application is made for registration of a motor vehicle.

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

The levy set in October 2015, for the 2015 taxes, which will be materially collected in May and September 2016, was set at \$.347020/\$100 of assessed valuation. The levy set in October 2014, for the 2014 taxes, which were materially collected in May and September 2015, was set at \$.336394/\$100 of assessed valuation. The amount collected for the 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. The lid may be increased by 1% upon the approval of a three-fourths majority of the County Board.

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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 23-2334 (Reissue 2012, Cum. Supp. 2014, Supp. 2015) 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. Non-vested County contributions are forfeited upon termination. Forfeitures are used to cover a portion of the pension plan's administrative expenses. Prior service benefits are paid directly by the County to the retired employee.

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

For the year ended June 30, 2016, 88 employees contributed \$115,551, and the County contributed \$171,900. Contributions included \$2,785 in cash contributions towards the supplemental law enforcement plan for eight law enforcement employees. Lastly, the County paid \$724 directly to six retired employees for prior service benefits.

5. **Risk Management**

The County is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has purchased commercial insurance to cover the risk of loss and believes adequate coverage exists for potential exposures. There was no significant reduction of insurance coverage from the prior year, and the County did not incur any expenses that exceeded the coverage amount for the year ended June 30, 2016.

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

6. Interfund Transfers

Interfund transfers for the year ended June 30, 2016, consisted of the following:

<u>Transfers to</u>	<u>Transfers from</u>			<u>Total</u>
	<u>General Fund</u>	<u>Inheritance Fund</u>	<u>Nonmajor Funds</u>	
General	\$ -	\$ 400,000	\$ -	\$ 400,000
Road Fund	1,617,295	-	152,630	1,769,925
Inheritance Fund	10,125	-	-	10,125
Jail/Correction Complex	-	-	3,700,730	3,700,730
Nonmajor Funds	10,917	-	-	10,917
Total	\$ 1,638,337	\$ 400,000	\$ 3,853,360	\$ 5,891,697

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.

In the year ended June 30, 2016, the County made a one-time transfer of \$3,700,730 from the Jail Bond Fund to the Jail/Correction Complex Fund to show the construction costs in a separate fund from the bond payments.

7. Capital Leases Payable

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

	<u>Motor Grader</u>
Balance July 1, 2015	\$ 229,170
Purchases	-
Payments	113,012
Balance June 30, 2016	<u>\$ 116,158</u>
Future Payments:	
Year	
2017	\$ 117,755
Total Payments	117,755
Less Interest	1,597
Present Value of Future Minimum Lease Payments	<u>\$ 116,158</u>
Carrying Value of the Related Fixed Asset	<u>\$ 228,920</u>

RICHARDSON COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

8. Contingent Liabilities

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

9. Long-Term Debt

Highway Allocation Bond Fund

The County issued bonds on May 17, 2011, in the amount of \$2,000,000 for the purpose of paying the costs of certain streets, highways, and roads within Richardson County. The County refinanced the Highway Allocation Bonds on March 17, 2016, in the amount of \$1,455,000. The bond payable balance, as of June 30, 2016, was \$1,455,000. 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.

Year	Principal	Interest	Total
2017	\$ 90,000	\$ 28,497	\$ 118,497
2018	90,000	27,733	117,733
2019	90,000	26,967	116,967
2020	90,000	25,933	115,933
2021	90,000	24,897	114,897
2022-2026	475,000	101,755	576,755
2027-2031	530,000	46,303	576,303
Total Payments	<u>\$ 1,455,000</u>	<u>\$ 282,085</u>	<u>\$ 1,737,085</u>

Law Enforcement Center Jail Bond Fund

The County issued bonds on June 30, 2015, in the amount of \$3,740,000 for the purpose of paying the costs of renovation and improving its existing law enforcement center and constructing an addition thereto, and certain costs of issuance related to the Bonds. The bond payable balance, as of June 30, 2016, was \$3,740,000. 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.

Year	Principal	Interest	Total
2017	\$ 215,000	\$ 86,795	\$ 301,795
2018	220,000	85,268	305,268
2019	225,000	82,871	307,871
2020	225,000	79,721	304,721
2021	230,000	75,908	305,908
2022-2026	1,225,000	300,904	1,525,904
2027-2031	1,400,000	117,225	1,517,225
Total Payments	<u>\$ 3,740,000</u>	<u>\$ 828,692</u>	<u>\$ 4,568,692</u>

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 4,514,619	\$ 4,514,619	\$ 4,073,433	\$ (441,186)
Licenses and Permits	24,500	24,500	26,833	2,333
Interest	10,000	10,000	11,319	1,319
Intergovernmental	391,711	391,711	621,221	229,510
Charges for Services	336,350	336,350	481,649	145,299
Miscellaneous	76,000	76,000	79,228	3,228
TOTAL RECEIPTS	<u>5,353,180</u>	<u>5,353,180</u>	<u>5,293,683</u>	<u>(59,497)</u>
DISBURSEMENTS				
General Government:				
County Commissioners	63,405	63,405	63,405	-
County Clerk	132,950	132,950	131,431	1,519
County Treasurer	158,303	158,303	154,289	4,014
County Assessor	191,281	191,281	175,447	15,834
Election Commissioner	66,075	66,075	60,512	5,563
Clerk of the District Court	73,856	73,856	73,510	346
County Court System	9,650	9,650	6,885	2,765
CDC - Child Support Agreement	20,536	20,536	16,232	4,304
Building and Grounds	161,450	161,450	152,159	9,291
Agricultural Extension Agent	52,702	52,702	46,446	6,256
Capital Acquisitions/Armory	145,125	152,463	152,463	-
Miscellaneous	1,339,780	1,332,442	1,299,945	32,497
Public Safety				
County Sheriff	311,860	311,860	302,357	9,503
County Attorney	69,625	69,625	59,425	10,200
Investigator	59,162	59,162	58,650	512
County Jail	409,250	411,899	386,447	25,452
Emergency Management	121,830	121,830	117,004	4,826
Humboldt Sheriff	73,961	73,961	71,037	2,924
Attorney - Child Support Agreement	78,400	78,400	75,284	3,116
Attorney - Incentive Match	29,080	29,080	25,666	3,414
Nuclear Accident Emergency Prepared	69,500	69,500	69,500	-
Miscellaneous	214,189	211,540	201,727	9,813
Public Works				
County Surveyor	13,350	13,350	12,160	1,190
Public Health				
Miscellaneous	49,131	49,131	47,996	1,135
Public Assistance				
Veterans' Service Officer	59,648	59,648	58,491	1,157
Miscellaneous	19,988	19,988	19,491	497
TOTAL DISBURSEMENTS	<u>3,994,087</u>	<u>3,994,087</u>	<u>3,837,959</u>	<u>156,128</u>

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	1,359,093	1,359,093	1,455,724	96,631
OTHER FINANCING SOURCES (USES)				
Transfers in	400,000	400,000	400,000	-
Transfers out	(1,845,978)	(1,845,978)	(1,638,337)	207,641
TOTAL OTHER FINANCING SOURCES (USES)	(1,445,978)	(1,445,978)	(1,238,337)	207,641
Net Change in Fund Balance	(86,885)	(86,885)	217,387	304,272
FUND BALANCE - BEGINNING	336,885	336,885	336,885	-
FUND BALANCE - ENDING	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 554,272</u>	<u>\$ 304,272</u>

(Concluded)

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD/BRIDGE FUND				
RECEIPTS				
Intergovernmental	\$ 1,192,862	\$ 1,192,862	\$1,242,316	\$ 49,454
Charges for Services	3,900	3,900	1,100	(2,800)
Miscellaneous	15,000	15,000	18,746	3,746
TOTAL RECEIPTS	<u>1,211,762</u>	<u>1,211,762</u>	<u>1,262,162</u>	<u>50,400</u>
DISBURSEMENTS	<u>3,365,270</u>	<u>3,365,270</u>	<u>2,808,266</u>	<u>557,004</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(2,153,508)</u>	<u>(2,153,508)</u>	<u>(1,546,104)</u>	<u>607,404</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,034,603	2,034,603	1,769,925	(264,678)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,034,603</u>	<u>2,034,603</u>	<u>1,769,925</u>	<u>(264,678)</u>
Net Change in Fund Balance	(118,905)	(118,905)	223,821	342,726
FUND BALANCE - BEGINNING	<u>118,905</u>	<u>118,905</u>	<u>118,905</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 342,726</u>	<u>\$ 342,726</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 21,608	\$ 21,608	\$ 601,833	\$ 580,225
TOTAL RECEIPTS	<u>21,608</u>	<u>21,608</u>	<u>601,833</u>	<u>580,225</u>
DISBURSEMENTS	<u>400,000</u>	<u>400,000</u>	<u>128,550</u>	<u>271,450</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(378,392)</u>	<u>(378,392)</u>	<u>473,283</u>	<u>851,675</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	10,125	10,125
Transfers out	(400,000)	(400,000)	(400,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(400,000)</u>	<u>(400,000)</u>	<u>(389,875)</u>	<u>10,125</u>
Net Change in Fund Balance	(778,392)	(778,392)	83,408	861,800
FUND BALANCE - BEGINNING	<u>778,392</u>	<u>778,392</u>	<u>778,392</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 861,800</u>	<u>\$ 861,800</u>

(Continued)

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>JAIL/ CORRECTION COMPLEX FUND</u>				
RECEIPTS				
Taxes	\$ -	\$ -	\$ -	\$ -
TOTAL RECEIPTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 DISBURSEMENTS	 <u>3,700,730</u>	 <u>3,700,730</u>	 <u>3,245,849</u>	 <u>454,881</u>
 EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	 <u>(3,700,730)</u>	 <u>(3,700,730)</u>	 <u>(3,245,849)</u>	 <u>454,881</u>
 OTHER FINANCING SOURCES (USES)				
Transfers in	3,700,730	3,700,730	3,700,730	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,700,730</u>	<u>3,700,730</u>	<u>3,700,730</u>	<u>-</u>
 Net Change in Fund Balance	 -	 -	 454,881	 454,881
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 454,881</u>	<u>\$ 454,881</u>
 <u>ROAD BUYBACK PROGRAM FUND</u>				
RECEIPTS				
Intergovernmental	\$ 272,021	\$ 272,021	\$ 295,328	\$ 23,307
TOTAL RECEIPTS	<u>272,021</u>	<u>272,021</u>	<u>295,328</u>	<u>23,307</u>
 DISBURSEMENTS	 <u>571,733</u>	 <u>571,733</u>	 <u>851</u>	 <u>570,882</u>
 EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	 <u>(299,712)</u>	 <u>(299,712)</u>	 <u>294,477</u>	 <u>594,189</u>
 Net Change in Fund Balance	 (299,712)	 (299,712)	 294,477	 594,189
FUND BALANCE - BEGINNING	299,712	299,712	299,712	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 594,189</u>	<u>\$ 594,189</u>

(Concluded)

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
FEDERAL MATCHING FUND				
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>
ROAD/BRIDGE CONSTRUCTION HIGHWAY ALLOCATION FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(2,630)	(2,630)	(2,630)	-
Net Change in Fund Balance	(2,630)	(2,630)	(2,630)	-
Fund Balance - Beginning	2,630	2,630	2,630	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
ROAD/BRIDGE SINKING FUND				
Receipts	\$ 93,684	\$ 93,684	\$ 63,187	\$ (30,497)
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(200,000)	(200,000)	(150,000)	50,000
Net Change in Fund Balance	(106,316)	(106,316)	(86,813)	19,503
Fund Balance - Beginning	106,316	106,316	106,316	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,503</u>	<u>\$ 19,503</u>
CIVIL DEFENSE FUND				
Receipts	\$ 292,464	\$ 292,464	\$ 158,699	\$ (133,765)
Disbursements	(357,963)	(357,963)	(220,608)	137,355
Net Change in Fund Balance	(65,499)	(65,499)	(61,909)	3,590
Fund Balance - Beginning	65,499	65,499	65,499	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,590</u>	<u>\$ 3,590</u>
CHROMATOGRAPH FUND				
Receipts	\$ 715	\$ 715	\$ 3,239	\$ 2,524
Disbursements	(5,700)	(5,700)	(4,183)	1,517
Net Change in Fund Balance	(4,985)	(4,985)	(944)	4,041
Fund Balance - Beginning	4,985	4,985	4,985	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,041</u>	<u>\$ 4,041</u>

(Continued)

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VISITOR'S PROMOTION FUND				
Receipts	\$ 18,730	\$ 18,730	\$ 14,746	\$ (3,984)
Disbursements	(45,000)	(45,000)	(20,640)	24,360
Net Change in Fund Balance	(26,270)	(26,270)	(5,894)	20,376
Fund Balance - Beginning	26,270	26,270	26,270	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,376</u>	<u>\$ 20,376</u>
VISITOR'S IMPROVEMENT FUND				
Receipts	\$ 8,124	\$ 8,124	\$ 14,746	\$ 6,622
Disbursements	(65,000)	(65,000)	(29,500)	35,500
Net Change in Fund Balance	(56,876)	(56,876)	(14,754)	42,122
Fund Balance - Beginning	56,876	56,876	56,876	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,122</u>	<u>\$ 42,122</u>
REGISTER OF DEEDS PRESERVE & MODERNIZE FUND				
Receipts	\$ 2,164	\$ 2,164	\$ 6,598	\$ 4,434
Disbursements	(13,000)	(13,000)	(1,732)	11,268
Net Change in Fund Balance	(10,836)	(10,836)	4,866	15,702
Fund Balance - Beginning	10,836	10,836	10,836	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,702</u>	<u>\$ 15,702</u>
EMPLOYMENT SECURITY FUND				
Receipts	\$ -	\$ -	\$ 490	\$ 490
Disbursements	(21,624)	(21,624)	(20,374)	1,250
Net Change in Fund Balance	(21,624)	(21,624)	(19,884)	1,740
Fund Balance - Beginning	21,624	21,624	21,624	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,740</u>	<u>\$ 1,740</u>
MEDICAL RELIEF FUND				
Receipts	\$ -	\$ -	\$ 1	\$ 1
Disbursements	(63,347)	(63,347)	(22,933)	40,414
Net Change in Fund Balance	(63,347)	(63,347)	(22,932)	40,415
Fund Balance - Beginning	63,347	63,347	63,347	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,415</u>	<u>\$ 40,415</u>

(Continued)

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
INSTITUTIONS FUND				
Receipts	\$ -	\$ -	\$ 1,489	\$ 1,489
Disbursements	(7,404)	(7,404)	(2,574)	4,830
Net Change in Fund Balance	(7,404)	(7,404)	(1,085)	6,319
Fund Balance - Beginning	7,404	7,404	7,404	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,319</u>	<u>\$ 6,319</u>
VETERANS' AID FUND				
Receipts	\$ 1,222	\$ 1,222	\$ 1,606	\$ 384
Disbursements	(2,000)	(2,000)	(1,957)	43
Net Change in Fund Balance	(778)	(778)	(351)	427
Fund Balance - Beginning	778	778	778	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 427</u>	<u>\$ 427</u>
COUNTY DRUG LAW ENFORCEMENT FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(609)	(609)	-	609
Net Change in Fund Balance	(609)	(609)	-	609
Fund Balance - Beginning	609	609	609	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 609</u>	<u>\$ 609</u>
FEDERAL FORFEITURE FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(4,973)	(4,973)	-	4,973
Net Change in Fund Balance	(4,973)	(4,973)	-	4,973
Fund Balance - Beginning	4,973	4,973	4,973	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,973</u>	<u>\$ 4,973</u>
JUVENILE SERVICES FUND				
Receipts	\$ 92,026	\$ 92,026	\$ 97,864	\$ 5,838
Disbursements	(125,094)	(125,094)	(71,897)	53,197
Net Change in Fund Balance	(33,068)	(33,068)	25,967	59,035
Fund Balance - Beginning	33,068	33,068	33,068	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,035</u>	<u>\$ 59,035</u>

(Continued)

RICHARDSON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
JAIL BOND FUND				
Receipts	\$ 600,000	\$ 600,000	\$ 404,015	\$ (195,985)
Disbursements	(600,000)	(600,000)	(46,763)	553,237
Transfers in	-	-	-	-
Transfers out	(3,700,730)	(3,700,730)	(3,700,730)	-
Net Change in Fund Balance	(3,700,730)	(3,700,730)	(3,343,478)	357,252
Fund Balance - Beginning	3,700,730	3,700,730	3,700,730	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 357,252</u>	<u>\$ 357,252</u>
HIGHWAY ALLOCATION BOND FUND				
Receipts	\$ 129,339	\$ 129,339	\$ 107,222	\$ (22,117)
Disbursements	(420,000)	(420,000)	(319,637)	100,363
Net Change in Fund Balance	(290,661)	(290,661)	(212,415)	78,246
Fund Balance - Beginning	290,661	290,661	290,661	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,246</u>	<u>\$ 78,246</u>
NATURAL DISASTER				
Receipts	\$ -	\$ -	\$ 275,122	\$ 275,122
Disbursements	-	-	-	-
Net Change in Fund Balance	-	-	275,122	275,122
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 275,122</u>	<u>\$ 275,122</u>
NOXIOUS WEED FUND				
Receipts	\$ -	\$ -	\$ 859	\$ 859
Disbursements	(19,880)	(19,880)	(16,789)	3,091
Transfers in	14,005	14,005	10,917	(3,088)
Transfers out	-	-	-	-
Net Change in Fund Balance	(5,875)	(5,875)	(5,013)	862
Fund Balance - Beginning	5,875	5,875	5,875	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 862</u>	<u>\$ 862</u>

(Concluded)

RICHARDSON COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	Federal Matching Fund	Road/Bridge Construction Highway Allocation Fund	Road/Bridge Sinking Fund	Civil Defense Fund	Chromatograph Fund
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ 61,244	\$ -	\$ -
Intergovernmental	-	-	1,943	158,699	-
Charges for Services	-	-	-	-	3,239
Miscellaneous	-	-	-	-	-
TOTAL RECEIPTS	-	-	63,187	158,699	3,239
DISBURSEMENTS					
General Government	-	-	-	-	4,183
Public Safety	-	-	-	220,608	-
Public Works	-	-	-	-	-
Public Assistance	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	-	-	-	220,608	4,183
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	-	-	63,187	(61,909)	(944)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	(2,630)	(150,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(2,630)	(150,000)	-	-
Net Change in Fund Balances	-	(2,630)	(86,813)	(61,909)	(944)
FUND BALANCES - BEGINNING	238,841	2,630	106,316	65,499	4,985
FUND BALANCES - ENDING	\$ 238,841	\$ -	\$ 19,503	\$ 3,590	\$ 4,041
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	-	-	-
Debt Service	-	-	-	-	-
Camp Cornhusker Shelter	-	-	-	3,590	-
Natural Disasters	-	-	-	-	-
Committed to:					
Law Enforcement	238,841	-	-	-	4,041
Road Maintenance	-	-	19,503	-	-
Aid and Assistance	-	-	-	-	-
Unemployment Benefits	-	-	-	-	-
Weed Control	-	-	-	-	-
TOTAL FUND BALANCES	\$ 238,841	\$ -	\$ 19,503	\$ 3,590	\$ 4,041

RICHARDSON COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	Visitor's Promotion Fund	Visitor's Improvement Fund	Register of Deeds Preserve & Modernize Fund	Employment Security Fund	Medical Relief Fund
RECEIPTS					
Property Taxes	\$ 14,746	\$ 14,746	\$ -	\$ 475	\$ 1
Intergovernmental	-	-	-	15	-
Charges for Services	-	-	6,598	-	-
Miscellaneous	-	-	-	-	-
TOTAL RECEIPTS	<u>14,746</u>	<u>14,746</u>	<u>6,598</u>	<u>490</u>	<u>1</u>
DISBURSEMENTS					
General Government	-	-	1,732	20,374	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Public Assistance	-	-	-	-	22,933
Culture and Recreation	20,640	29,500	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>20,640</u>	<u>29,500</u>	<u>1,732</u>	<u>20,374</u>	<u>22,933</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(5,894)</u>	<u>(14,754)</u>	<u>4,866</u>	<u>(19,884)</u>	<u>(22,932)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(5,894)	(14,754)	4,866	(19,884)	(22,932)
FUND BALANCES - BEGINNING	<u>26,270</u>	<u>56,876</u>	<u>10,836</u>	<u>21,624</u>	<u>63,347</u>
FUND BALANCES - ENDING	<u>\$ 20,376</u>	<u>\$ 42,122</u>	<u>\$ 15,702</u>	<u>\$ 1,740</u>	<u>\$ 40,415</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	20,376	42,122	-	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	15,702	-	-
Debt Service	-	-	-	-	-
Camp Cornhusker Shelter	-	-	-	-	-
Natural Disasters	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Road Maintenance	-	-	-	-	-
Aid and Assistance	-	-	-	-	40,415
Unemployment Benefits	-	-	-	1,740	-
Weed Control	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 20,376</u>	<u>\$ 42,122</u>	<u>\$ 15,702</u>	<u>\$ 1,740</u>	<u>\$ 40,415</u>

RICHARDSON COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	Institutions Fund	Veterans' Aid Fund	County Drug Law Enforcement Fund	Federal Forfeiture Fund	Juvenile Services Fund
RECEIPTS					
Property Taxes	\$ 1,281	\$ 1,483	\$ -	\$ -	\$ -
Intergovernmental	208	123	-	-	91,164
Charges for Services	-	-	-	-	-
Miscellaneous	-	-	-	-	6,700
TOTAL RECEIPTS	<u>1,489</u>	<u>1,606</u>	<u>-</u>	<u>-</u>	<u>97,864</u>
DISBURSEMENTS					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	71,897
Public Works	-	-	-	-	-
Public Assistance	2,574	1,957	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>2,574</u>	<u>1,957</u>	<u>-</u>	<u>-</u>	<u>71,897</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(1,085)</u>	<u>(351)</u>	<u>-</u>	<u>-</u>	<u>25,967</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(1,085)	(351)	-	-	25,967
FUND BALANCES - BEGINNING	<u>7,404</u>	<u>778</u>	<u>609</u>	<u>4,973</u>	<u>33,068</u>
FUND BALANCES - ENDING	<u>\$ 6,319</u>	<u>\$ 427</u>	<u>\$ 609</u>	<u>\$ 4,973</u>	<u>\$ 59,035</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
Law Enforcement	-	-	609	4,973	59,035
Preservation of Records	-	-	-	-	-
Debt Service	-	-	-	-	-
Camp Cornhusker Shelter	-	-	-	-	-
Natural Disasters	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Road Maintenance	-	-	-	-	-
Aid and Assistance	6,319	427	-	-	-
Unemployment Benefits	-	-	-	-	-
Weed Control	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 6,319</u>	<u>\$ 427</u>	<u>\$ 609</u>	<u>\$ 4,973</u>	<u>\$ 59,035</u>

RICHARDSON COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	Jail Bond Fund	Highway Allocation Bond Fund	Natural Disaster	Noxious Weed Fund	Total Nonmajor Governmental Funds
RECEIPTS					
Property Taxes	\$ 358,464	\$ 92,748	\$ -	\$ -	\$ 545,188
Intergovernmental	45,551	10,305	275,122	859	583,989
Charges for Services	-	-	-	-	9,837
Miscellaneous	-	4,169	-	-	10,869
TOTAL RECEIPTS	<u>404,015</u>	<u>107,222</u>	<u>275,122</u>	<u>859</u>	<u>1,149,883</u>
DISBURSEMENTS					
General Government	-	-	-	-	26,289
Public Safety	-	-	-	-	292,505
Public Works	-	750	-	16,789	17,539
Public Assistance	-	-	-	-	27,464
Culture and Recreation	-	-	-	-	50,140
Debt Service:					
Principal Payments	-	280,000	-	-	280,000
Interest and Fiscal Charges	46,763	38,887	-	-	85,650
TOTAL DISBURSEMENTS	<u>46,763</u>	<u>319,637</u>	<u>-</u>	<u>16,789</u>	<u>779,587</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>357,252</u>	<u>(212,415)</u>	<u>275,122</u>	<u>(15,930)</u>	<u>370,296</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	10,917	10,917
Transfers out	(3,700,730)	-	-	-	(3,853,360)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,700,730)</u>	<u>-</u>	<u>-</u>	<u>10,917</u>	<u>(3,842,443)</u>
Net Change in Fund Balances	(3,343,478)	(212,415)	275,122	(5,013)	(3,472,147)
FUND BALANCES - BEGINNING	<u>3,700,730</u>	<u>290,661</u>	<u>-</u>	<u>5,875</u>	<u>4,641,322</u>
FUND BALANCES - ENDING	<u>\$ 357,252</u>	<u>\$ 78,246</u>	<u>\$ 275,122</u>	<u>\$ 862</u>	<u>\$ 1,169,175</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	62,498
Law Enforcement	-	-	-	-	64,617
Preservation of Records	-	-	-	-	15,702
Debt Service	357,252	78,246	-	-	435,498
Camp Cornhusker Shelter	-	-	-	-	3,590
Natural Disasters	-	-	275,122	-	275,122
Committed to:					
Law Enforcement	-	-	-	-	242,882
Road Maintenance	-	-	-	-	19,503
Aid and Assistance	-	-	-	-	47,161
Unemployment Benefits	-	-	-	-	1,740
Weed Control	-	-	-	862	862
TOTAL FUND BALANCES	<u>\$ 357,252</u>	<u>\$ 78,246</u>	<u>\$ 275,122</u>	<u>\$ 862</u>	<u>\$ 1,169,175</u>

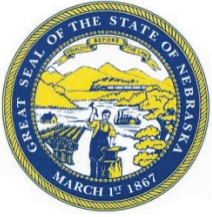
RICHARDSON COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2016

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Highway Superintendent	Veterans' Service Officer	Total
BALANCES JULY 1, 2015	\$ 7,793	\$ 47,426	\$ 13,460	\$ 2,629	\$ 1,520	\$ 3,734	\$ 76,562
RECEIPTS							
Licenses and Permits	1,275	-	650	-	-	-	1,925
Intergovernmental	-	-	-	-	-	1,957	1,957
Charges for Services	58,590	11,056	46,859	500	21,829	-	138,834
Miscellaneous	-	-	1,106	-	-	-	1,106
State Fees	57,385	11,376	213	-	1,101	-	70,075
Other Liabilities	-	305,530	77,861	28,241	-	235	411,867
TOTAL RECEIPTS	117,250	327,962	126,689	28,741	22,930	2,192	625,764
DISBURSEMENTS							
Payments to County Treasurer	60,312	12,015	64,125	440	18,745	-	155,637
Payments to State Treasurer	57,525	11,703	158	-	-	-	69,386
Other Liabilities	-	316,193	66,682	26,729	-	2,140	411,744
TOTAL DISBURSEMENTS	117,837	339,911	130,965	27,169	18,745	2,140	636,767
BALANCES JUNE 30, 2016	<u>\$ 7,206</u>	<u>\$ 35,477</u>	<u>\$ 9,184</u>	<u>\$ 4,201</u>	<u>\$ 5,705</u>	<u>\$ 3,786</u>	<u>\$ 65,559</u>
BALANCES CONSIST OF:							
Due to County Treasurer	\$ 4,221	\$ 739	\$ 3,248	\$ 60	\$ 4,705	\$ 3,786	\$ 16,759
Petty Cash	150	-	3,000	-	1,000	-	4,150
Due to State Treasurer	2,835	520	95	-	-	-	3,450
Due to Others	-	34,218	2,841	4,141	-	-	41,200
BALANCES JUNE 30, 2016	<u>\$ 7,206</u>	<u>\$ 35,477</u>	<u>\$ 9,184</u>	<u>\$ 4,201</u>	<u>\$ 5,705</u>	<u>\$ 3,786</u>	<u>\$ 65,559</u>

RICHARDSON COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2016

Item	2011	2012	2013	2014	2015
Tax Certified by Assessor					
Real Estate	\$ 14,429,882	\$ 14,882,690	\$ 15,817,593	\$ 18,073,156	\$ 19,976,860
Personal and Specials	966,398	1,032,880	1,127,153	1,293,422	1,294,780
Total	15,396,280	15,915,570	16,944,746	19,366,578	21,271,640
Corrections					
Additions	21,359	2,944	1,382	1,542	125
Deductions	(17,877)	(13,567)	(4,941)	(6,080)	(61)
Net Additions/ (Deductions)	3,482	(10,623)	(3,559)	(4,538)	64
Corrected Certified Tax	15,399,762	15,904,947	16,941,187	19,362,040	21,271,704
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2012	9,601,311	-	-	-	-
June 30, 2013	5,777,776	10,226,730	-	-	-
June 30, 2014	16,837	5,662,310	10,962,291	-	-
June 30, 2015	2,945	12,485	5,963,716	12,674,398	-
June 30, 2016	843	2,397	11,329	6,669,278	13,718,553
Total Net Collections	15,399,712	15,903,922	16,937,336	19,343,676	13,718,553
Total Uncollected Tax	\$ 50	\$ 1,025	\$ 3,851	\$ 18,364	\$ 7,553,151
Percentage Uncollected Tax	0.00%	0.01%	0.02%	0.09%	35.51%

Note: Tax refunds are netted against tax collections to determine Net Tax Collected.



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, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Richardson County, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Richardson County's basic financial statements, and have issued our report thereon dated September 6, 2016. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Richardson County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Richardson County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

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

- The County offices lacked a segregation of duties, as 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. Inadequate segregation of duties could lead to the misappropriation of assets or improper reporting. 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*.

Additional Items

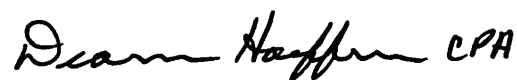
We also noted certain matters that we reported to the management of Richardson County in a separate letter dated September 6, 2016.

Richardson County's Response to Findings

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

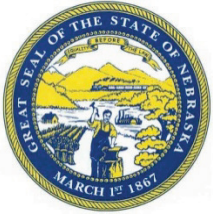
Purpose of this Report

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



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

September 6, 2016



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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September 6, 2016

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, 2016, and have issued our report thereon dated September 6, 2016. 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 following areas:

COUNTY OVERALL

Segregation of Duties

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

We noted the offices of the County each lacked a segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. A lack of segregation of duties increases the risk of possible errors or irregularities; however, due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost. This was also noted in prior audits.

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

County'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.

COUNTY TREASURER

Motor Vehicle Pro-Rate Distributions

Neb. Rev. Stat. § 60-3,202(3) (Cum. Supp. 2014) states the following:

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

During testing, it was noted that Motor Vehicle Pro-Rate was not being distributed based on total taxes levied for each entity, resulting in subdivisions receiving an incorrect distribution. The table below shows the subdivisions and the amount of incorrect distributions of motor vehicle pro-rate for the fiscal year:

Description	Amount	Description	Amount
County Funds	\$ (5,080)	School District 1x	\$ (76)
AG Society	\$ (55)	School District 37	\$ (47)
NNRD	\$ 437	School District 56	\$ (9,537)
ESU #4 General	\$ 186	Falls City Airport	\$ (45)
SECC	\$ 19,148	Multiple Subdivisions**	\$ (155)
Falls City Fire	\$ (62)		
Humboldt Fire	\$ (33)		
Verdon Fire	\$ (71)		
Falls City	\$ (702)		
Humboldt	\$ (157)		
School District 70	\$ (3,751)		

*Negative figures represent underpayments to those funds, while positive figures indicate overpayments.

**This contains 12 funds that had variances of less than \$25

When tax distributions are not correct, political subdivisions do not receive the appropriate amount of funding.

We recommend the County Treasurer correct the erroneous distributions and implement procedures to ensure all distributions are correctly calculated in the future.

Insufficient Pledged Securities

During our audit period, we noted the County Treasurer’s deposits at one bank did not have sufficient pledged securities for when the bank account balances exceeded Federal Deposit Insurance Corporation (FDIC) coverage. Deposits exceeded coverage for four days during the fiscal year, with those excessive amounts ranging from \$16,586 to \$780,426.

Neb. Rev. Stat. § 77-2395(1) (Reissue 2009) states, in relevant part, the following:

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

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

We recommend the County Treasurer closely monitor bank deposits on high-volume days to ensure coverage is adequate for the full amount.

COUNTY SHERIFF

Accounting Procedures

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

- At June 30, 2016, office records indicated a long of \$2,633.
- Complete and accurate bank reconciliations were not performed on a monthly basis.
- Bank reconciliations for May and June 2016 were not started.
- Inmates records were not maintained accurately.
- Errors noted on the office's fee sheets included the following:
 - The amount remitted to the Treasurer for fees and mileage in July 2015, January 2016, and April 2016 were the amounts collected, not the amounts earned.
 - There were no fee and mileage logs on hand for the months of November and December 2015; therefore, we were unable to determine if the amount remitted to the Treasurer was the amount earned or the amount collected.

This comment was included in prior year reports. Prior year discrepancies have not been corrected, contributing to the balancing issues.

Neb. Rev. Stat. § 33-117(3) (Cum. Supp. 2014) requires the County Sheriff to pay all fees earned to the County Treasurer. In addition, good internal control requires procedures to be in place to ensure the following: 1) assets (cash on hand, reconciled bank statement, and accounts receivable) agree with office liabilities (fees, trust accounts, and accounts payable); 2) bank reconciliations are performed timely and accurately; 3) all monies received are recorded; and 4) all financial records are complete and accurate.

We 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.

Petty Cash

At June 30, 2016, the County Sheriff's petty cash fund, which was authorized for \$3,000, was short by \$235.

Neb. Rev. Stat. § 23-106 (Reissue 2012) gives the County Board the sole authority to establish petty cash funds "for the purpose of making payments for subsidiary general operational expenditures and purchases." Furthermore, good internal controls require procedures to ensure all petty cash funds are maintained at the authorized amount.

When petty cash funds are not maintained at the approved amount, there is an increased risk of loss, theft, or misuse of funds.

We recommend the County Sheriff implement procedures to ensure all petty cash funds are maintained and reconciled to the authorized amount.

Unclaimed Property

During our audit, we noted that the County Sheriff held three checks, totaling \$37, that had remained unclaimed for more than three years and had not been remitted to the State Treasurer in accordance with the Uniform Disposition of Unclaimed Property Act (Act). This was also noted in prior audits.

The Act is set out at Neb. Rev. Stat. §§ 69-1301 to 69-1329 (Reissue 2009, Cum. Supp. 2014). Section 69-1307.01 of the Act states that intangible personal property held by public entities or political subdivisions that remains unclaimed for more than three years is presumed abandoned. Section 69-1310(d) requires that such items be reported to the Nebraska State Treasurer before November 1 of each year as of June 30 next proceeding.

When all unclaimed property is not remitted to the State Treasurer in accordance with the Act, the County Sheriff is not in compliance with State statute. This comment was also noted in the prior audit.

We recommend the County Sheriff remit all unclaimed property to the State Treasurer in accordance with State statute.

COUNTY CLERK OF THE DISTRICT COURT

Remittance of Fines

During our audit, we noted the Clerk of the District Court did not correctly identify fines, totaling \$2,118, when they were remitted to the County Treasurer. This resulted in the fines being deposited in the County General Fund, not to the School Fines Fund, which caused the fine amounts not to be distributed to the County schools.

Neb. Rev. Stat. § 29-2708 (Reissue 2008) states, in relevant part, "All money arising from fines and recognizances shall be credited by the county treasurer to the county school fund except as provided by Article VII, section 5, Constitution of Nebraska"

When not deposited into the School Fines Fund, money arising from fines is not distributed in accordance with State statute.

We recommend procedures be implemented to ensure all fines are deposited in the School Fines Fund, as required by State statute.

County Clerk of the District Court's Response: I have corrected my listing of accounts.

* * * * *

It should be noted this report is critical in nature, as 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 management with 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 they 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 it is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Sincerely,



Deann Haeffner
Assistant Deputy Auditor