

**AUDIT REPORT
OF
ADAMS COUNTY**

JULY 1, 2008 THROUGH JUNE 30, 2009

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the Auditor of Public Accounts.**

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Issued on September 29, 2009

ADAMS COUNTY

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ADAMS COUNTY

LIST OF COUNTY OFFICIALS

At June 30, 2009

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Larry Woodman	Board of Supervisors	Jan. 2013
Charles Neumann		Jan. 2013
Eldon Orthmann		Jan. 2011
Roger Larson		Jan. 2011
Monte Kehoe		Jan. 2013
Lee Saathoff		Jan. 2011
Jack Hynes		Jan. 2011
Diane Hynes	Assessor	Jan. 2011
Donna Fegler Daiss	Attorney	Jan. 2011
Chris Lewis	Clerk Election Commissioner	Jan. 2011
Jan Johnson	Register of Deeds	Jan. 2011
Chrystine Setlik	Clerk of the District Court	Jan. 2011
Gregg Magee	Sheriff	Jan. 2011
Beverly Davis	Treasurer	Jan. 2011
Joseph Ballweg	Veterans' Service Officer	Appointed
Lynn Hanson	Weed Superintendent	Appointed
Dawn Miller	Highway Superintendent/ Planning/Zoning	Appointed



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ADAMS COUNTY

INDEPENDENT AUDITORS' REPORT

Board of Supervisors
Adams County, Nebraska

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Adams County, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash balances of the governmental activities, each major fund, and the aggregate remaining fund information for the primary government of Adams County, as of June 30, 2009, and the respective changes in cash balances thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2009, on our consideration of Adams County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, nonmajor budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole on the basis of accounting described in Note 1.

Signed Original on File

September 23, 2009

Deann Haeffner, CPA
Assistant Deputy Auditor

ADAMS COUNTY
STATEMENT OF NET ASSETS - CASH BASIS
 June 30, 2009

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 680,385
Investments (Note 1.D)	2,804,080
TOTAL ASSETS	\$ 3,484,465
 NET ASSETS	
Restricted for:	
Visitor Promotion	\$ 47,992
911 Emergency Services	48,210
Other Purposes	46,317
Unrestricted	3,341,946
TOTAL NET ASSETS	\$ 3,484,465

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

ADAMS COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended June 30, 2009

Functions:	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Assets
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ (4,557,625)	\$ 743,150	\$ 107,088	\$ (3,707,387)
Public Safety	(3,661,530)	242,217	669,310	(2,750,003)
Public Works	(3,631,111)	-	1,591,276	(2,039,835)
Health and Sanitation	(70,703)	-	-	(70,703)
Public Assistance	(396,861)	-	154,987	(241,874)
Culture and Recreation	(237,159)	-	-	(237,159)
Capital Outlay	(127,305)	86,914	-	(40,391)
Total Governmental Activities	<u>\$ (12,682,294)</u>	<u>\$ 1,072,281</u>	<u>\$ 2,522,661</u>	<u>(9,087,352)</u>

General Receipts:	
Property Taxes	8,224,891
Grants and Contributions Not Restricted to Specific Programs	924,471
Investment Income	112,894
Miscellaneous	399,967
Total General Receipts	<u>9,662,223</u>
Change in Net Assets	574,871
Net Assets - Beginning	2,909,594
Net Assets - Ending	<u>\$ 3,484,465</u>

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

ADAMS COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
June 30, 2009

	<u>General Fund</u>	<u>Escrow Holding Fund</u>	<u>Inheritance Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents (Note 1.D)	\$ -	\$ 396,271	\$ 98,552	\$ 185,562	\$ 680,385
Investments (Note 1.D)	1,588,378	-	1,215,702	-	2,804,080
TOTAL ASSETS	<u>\$ 1,588,378</u>	<u>\$ 396,271</u>	<u>\$ 1,314,254</u>	<u>\$ 185,562</u>	<u>\$ 3,484,465</u>
FUND BALANCES					
Unreserved, reported in:					
General fund	\$ 1,588,378	\$ -	\$ -	\$ -	\$ 1,588,378
Special revenue funds	-	396,271	1,314,254	185,562	1,896,087
TOTAL CASH BASIS FUND BALANCES	<u>\$ 1,588,378</u>	<u>\$ 396,271</u>	<u>\$ 1,314,254</u>	<u>\$ 185,562</u>	<u>\$ 3,484,465</u>

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

ADAMS COUNTY
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	General Fund	Escrow Holding Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Property Taxes	\$ 6,684,717	\$ -	\$1,101,484	\$ 438,690	\$ 8,224,891
Licenses and Permits	132,543	-	-	-	132,543
Interest	112,894	-	-	-	112,894
Intergovernmental	3,431,975	-	3,918	11,239	3,447,132
Charges for Services	983,795	-	-	88,486	1,072,281
Miscellaneous	97,620	-	1,147	168,657	267,424
TOTAL RECEIPTS	<u>11,443,544</u>	<u>-</u>	<u>1,106,549</u>	<u>707,072</u>	<u>13,257,165</u>
DISBURSEMENTS					
General Government	3,576,350	49,446	54,520	877,309	4,557,625
Public Safety	3,548,488	-	-	113,042	3,661,530
Public Works	3,631,111	-	-	-	3,631,111
Health and Sanitation	70,703	-	-	-	70,703
Public Assistance	348,900	-	-	47,961	396,861
Culture and Recreation	-	-	-	237,159	237,159
Capital Outlay	-	-	-	127,305	127,305
TOTAL DISBURSEMENTS	<u>11,175,552</u>	<u>49,446</u>	<u>54,520</u>	<u>1,402,776</u>	<u>12,682,294</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>267,992</u>	<u>(49,446)</u>	<u>1,052,029</u>	<u>(695,704)</u>	<u>574,871</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,359,003	253,130	-	893,445	2,505,578
Transfers out	(1,128,822)	-	(1,013,662)	(363,094)	(2,505,578)
TOTAL OTHER FINANCING SOURCES (USES)	<u>230,181</u>	<u>253,130</u>	<u>(1,013,662)</u>	<u>530,351</u>	<u>-</u>
Net Change in Fund Balances	498,173	203,684	38,367	(165,353)	574,871
CASH BASIS FUND BALANCES - BEGINNING	<u>1,090,205</u>	<u>192,587</u>	<u>1,275,887</u>	<u>350,915</u>	<u>2,909,594</u>
CASH BASIS FUND BALANCES - ENDING	<u>\$ 1,588,378</u>	<u>\$396,271</u>	<u>\$1,314,254</u>	<u>\$ 185,562</u>	<u>\$ 3,484,465</u>

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

ADAMS COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - CASH BASIS
FIDUCIARY FUNDS
June 30, 2009

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,793,754
Investments	1,117,374
TOTAL ASSETS	2,911,128
 LIABILITIES	
Due to other governments	
State	451,854
Schools	1,707,591
Educational Service Units	4,821
Technical College	24,824
Natural Resource Districts	7,649
Fire Districts	3,973
Municipalities	222,208
Agricultural Society	7,209
Townships	51,392
Sanitary and Improvement Districts	157,205
Others	272,402
TOTAL LIABILITIES	2,911,128
 TOTAL NET ASSETS	 \$ -

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

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2009

1. **Summary of Significant Accounting Policies**

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

A. Reporting Entity

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

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

Joint Organization.

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

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of federal, state, local, and private funding. The County contributed \$115,898 toward the operation of the Region during fiscal year 2009. In the event of the termination of the agreement, assets would be disposed of in

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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 have not been eliminated. Governmental GAAP would require internal activity to be eliminated to minimize double counting. The County reports governmental activities only. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

Fund Financial Statements. The fund financial statements provide information about the County's funds, including its fiduciary funds. GAAP requires separate statements by fund category - governmental, proprietary, and fiduciary. The County uses only the governmental and fiduciary fund categories. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds.

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.

Inheritance Fund. This fund is used to account for the revenues generated from estate taxes.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Escrow Holding Fund. This fund is used to account for activity related to budgeted open and contracted commitments of the County.

The County reports the following additional fund types:

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

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

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The accounting records of the County are maintained and the government-wide financial statements were reported on the basis of cash receipts and disbursements. As such, the measurement focus includes only those assets and fund balances arising from cash transactions on the Statement of Net Assets - Cash Basis and the Statement of Activities - Cash Basis. Revenues are recognized when received and expenditures 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 revenues are recorded when earned and expenses 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, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 2003), and generally include U.S. Government obligations, certificates of deposit, and time deposits and securities which are authorized by the Nebraska Investment Council.

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

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

Compensated Absences. Vested or accumulated vacation leave that is liquidated with expendable available financial resources is reported as an expenditure 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 \$142,519 of restricted net assets.

ADAMS 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 2003).

At year end, the County's carrying amount of deposits was \$680,385 for County funds and \$1,793,754 for Fiduciary funds. The bank balances for all funds totaled \$2,270,471. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits as of June 30, 2009, 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 \$10,000 in U.S. Government Securities and of \$2,794,080 for County funds and \$1,117,374 for Fiduciary funds 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. The U.S. Government Securities were held by the County or its agent in the name of the County.

3. **Property Taxes**

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

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

The levy set in October 2008, for the 2008 taxes which will be materially collected in May and September, 2009, was set at \$.33821946/\$100 of assessed valuation. The levy set in October 2007, for the 2007 taxes which were materially collected in May and September, 2008, was set at \$.34093334/\$100 of assessed valuation. The amount collected for motor vehicle tax is outlined in State Statute.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Property Taxes** (Concluded)

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

4. **Retirement System**

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

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

County employees and elected officials contribute 4.5% of their total compensation. In addition, the County contributes an amount equal to 150% of the employee's contribution. The contribution rates are established by Neb. Rev. Stat. §§ 23-2307 and 23-2308 (Reissue 2007), and may be amended through legislative action. The employee's and employer's contributions are kept in separate accounts. The employee's account is fully vested. The employer's account is fully vested after three years of participation in the system or credit for participation in another governmental plan prior to actual contribution to the Plan. Prior service benefits are paid directly by the County to the retired employee.

A supplemental retirement plan was established on January 1, 2003, for the benefit of all present and future commissioned law enforcement personnel employed by the County. Employees contribute 1% of their salary and the County contributes an amount equal to 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, 2009, 147 employees contributed \$206,850; the County contributed \$310,274, which consisted entirely of cash contributions. Additionally, for the year ended June 30, 2009, 19 law enforcement employees and the County contributed \$7,811 in cash contributions for the supplemental law enforcement plan. Lastly, the County paid \$792 directly to 9 retired employees for prior service benefits.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. **Risk Management**

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

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

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

	NIRMA Coverage	Maximum Coverage
General Liability Claim	\$ 300,000	\$ 5,000,000
Worker's Compensation Claim	\$ 350,000	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 2010. The County has not had to pay out any amounts that exceeded coverage provided by the Pool in the last three fiscal years.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

6. **Interfund Transfers**

Interfund transfers for the year ended June 30, 2009, consisted of the following:

Transfers to	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
General Fund	\$ -	\$ 1,000,000	\$ 359,003	\$ 1,359,003
Escrow Holding Fund	253,130	-	-	253,130
Nonmajor Funds	875,692	13,662	4,091	893,445
Total	\$ 1,128,822	\$ 1,013,662	\$ 363,094	\$ 2,505,578

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

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 7,143,487	\$ 7,143,487	\$ 6,684,717	\$ (458,770)
Licenses and Permits	137,038	137,038	132,543	(4,495)
Interest	200,000	200,000	112,894	(87,106)
Intergovernmental	3,044,620	3,044,620	3,431,975	387,355
Charges for Services	946,730	946,730	983,795	37,065
Miscellaneous	57,000	57,000	97,620	40,620
TOTAL RECEIPTS	<u>11,528,875</u>	<u>11,528,875</u>	<u>11,443,544</u>	<u>(85,331)</u>
DISBURSEMENTS				
General Government:				
County Board	199,568	199,568	195,043	4,525
County Clerk	311,879	311,879	299,848	12,031
County Treasurer	540,866	540,866	450,625	90,241
Register of Deeds	190,789	190,789	179,192	11,597
County Assessor	465,119	465,119	439,312	25,807
Building and Zoning	64,415	64,415	58,235	6,180
Clerk of the District Court	359,237	359,237	353,434	5,803
County Court System	128,950	128,950	96,383	32,567
District Judge	49,980	49,980	48,854	1,126
Public Defender	505,072	528,584	528,584	-
Building and Grounds	476,231	476,231	444,671	31,560
Agricultural Extension Agent	125,250	125,250	112,888	12,362
Data Processing	193,002	193,002	188,745	4,257
Microfilm	68,253	68,253	55,686	12,567
Day Care Center	-	1,522	1,522	-
Miscellaneous	454,816	454,816	123,328	331,488
Public Safety				
County Sheriff	1,553,233	1,553,233	1,329,871	223,362
County Attorney	667,737	667,737	664,151	3,586
Communication Center	47,448	47,448	42,222	5,226
County Jail	1,521,421	1,521,421	1,297,061	224,360
Emergency Management	147,062	147,062	143,044	4,018
Adult Probation	34,993	35,052	35,052	-
Juvenile Probation	3,534	3,534	2,703	831
Emerg/Prot SVC (Ashland)	150,000	150,000	150,000	-
Miscellaneous	315,803	315,803	(115,616)	431,419

(Continued)

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

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DISBURSEMENTS, Concluded				
Public Works				
County Surveyor	22,911	22,911	15,741	7,170
Noxious Weed Control	75,046	75,046	68,026	7,020
Road	4,093,890	4,093,890	3,698,713	395,177
Miscellaneous	125,000	125,000	(151,369)	276,369
Public Health				
Miscellaneous	70,703	70,703	70,703	-
Public Assistance				
Veterans' Service Officer	123,027	123,027	118,313	4,714
Miscellaneous	265,351	265,351	230,587	34,764
TOTAL DISBURSEMENTS	13,350,586	13,375,679	11,175,552	2,200,127
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(1,821,711)	(1,846,804)	267,992	2,114,796
OTHER FINANCING SOURCES (USES)				
Transfers in	1,232,733	1,232,733	1,359,003	126,270
Transfers out	(1,227)	(1,227)	(1,128,822)	(1,127,595)
TOTAL OTHER FINANCING SOURCES (USES)	1,231,506	1,231,506	230,181	(1,001,325)
Net Change in Fund Balance	(590,205)	(615,298)	498,173	1,113,471
FUND BALANCES - BEGINNING	1,090,205	1,090,205	1,090,205	-
FUND BALANCES - ENDING	\$ 500,000	\$ 474,907	\$ 1,588,378	\$ 1,113,471

(Concluded)

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ESCROW HOLDING FUND				
RECEIPTS				
Taxes	\$ -	\$ -	\$ -	\$ -
TOTAL RECEIPTS	-	-	-	-
DISBURSEMENTS	192,587	192,587	49,446	143,141
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(192,587)	(192,587)	(49,446)	143,141
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	253,130	253,130
TOTAL OTHER FINANCING SOURCES (USES)	-	-	253,130	253,130
Net Change in Fund Balance	(192,587)	(192,587)	203,684	396,271
FUND BALANCE - BEGINNING	192,587	192,587	192,587	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 396,271</u>	<u>\$ 396,271</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 1,100,000	\$ 1,100,000	\$ 1,101,484	\$ 1,484
Intergovernmental	24,057	24,057	3,918	(20,139)
Miscellaneous	1,000	1,000	1,147	147
TOTAL RECEIPTS	1,125,057	1,125,057	1,106,549	(18,508)
DISBURSEMENTS	1,386,055	1,386,055	54,520	1,331,535
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(260,998)	(260,998)	1,052,029	1,313,027
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,013,662)	(1,013,662)	(1,013,662)	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,013,662)	(1,013,662)	(1,013,662)	-
Net Change in Fund Balance	(1,274,660)	(1,274,660)	38,367	1,313,027
FUND BALANCE - BEGINNING	1,275,887	1,275,887	1,275,887	-
FUND BALANCE - ENDING	<u>\$ 1,227</u>	<u>\$ 1,227</u>	<u>\$ 1,314,254</u>	<u>\$ 1,313,027</u>

ADAMS COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2009

BUDGETARY COMPARISON SCHEDULES

GAAP Requirements

Generally Accepted Accounting Principles (GAAP) requires budgetary comparison schedules for the General Fund, and for each major special revenue fund that has a legally adopted annual budget. GAAP further requires the budgetary comparison schedules to include the *original budget* and *final budget* amounts. The *original budget* is the first complete appropriated budget adjusted by reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes *before* the beginning of the fiscal year. The original budget would also include actual appropriation amounts automatically carried over from prior years when required by law. The *final budget* is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year as approved by the County Board or otherwise legally authorized.

Budgetary Process

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

On or before August 1, the county budget-making authority prepares and transmits a budget for each County fund to the County Board. The budget includes the requirements, the outstanding warrants, the operating reserves to be maintained, the cash on hand at the close of the preceding fiscal year, the revenue from sources other than taxation, and the amount to be raised by taxation. The County Board must hold at least one public hearing on the proposed budget. On or before September 20, the County Board shall adopt the budget and appropriate the amounts specified in the budget for the departments, offices, activities, and funds of the County.

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

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

For the Year Ended June 30, 2009

	Visitors Promotion Fund	Employment Security Fund	County Insurance Fund	Medical Relief Fund	Institutions Fund	Veterans' Aid Fund	Library Fund
RECEIPTS							
Property Taxes	\$ 92,583	\$ -	\$ -	\$ 9,516	\$ 5,102	\$ -	\$ 127,870
Intergovernmental	-	-	-	402	93	-	8,749
Charges for Services	-	-	-	-	-	-	-
Miscellaneous	-	-	137,032	2,300	-	-	-
TOTAL RECEIPTS	<u>92,583</u>	<u>-</u>	<u>137,032</u>	<u>12,218</u>	<u>5,195</u>	<u>-</u>	<u>136,619</u>
DISBURSEMENTS							
General Government	-	6,623	870,686	-	-	-	-
Public Safety	-	-	-	-	-	-	-
Public Assistance	-	-	-	31,697	12,264	4,000	-
Culture and Recreation	97,659	-	-	-	-	-	139,500
Capital Projects	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>97,659</u>	<u>6,623</u>	<u>870,686</u>	<u>31,697</u>	<u>12,264</u>	<u>4,000</u>	<u>139,500</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(5,076)</u>	<u>(6,623)</u>	<u>(733,654)</u>	<u>(19,479)</u>	<u>(7,069)</u>	<u>(4,000)</u>	<u>(2,881)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	1,386	785,141	-	-	3,999	-
Transfers out	(4,091)	(5,377)	-	(7,584)	(14,635)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,091)</u>	<u>(3,991)</u>	<u>785,141</u>	<u>(7,584)</u>	<u>(14,635)</u>	<u>3,999</u>	<u>-</u>
Net Change in Fund Balances	(9,167)	(10,614)	51,487	(27,063)	(21,704)	(1)	(2,881)
FUND BALANCES - BEGINNING	<u>57,159</u>	<u>10,614</u>	<u>(8,460)</u>	<u>27,079</u>	<u>21,704</u>	<u>1</u>	<u>48,503</u>
FUND BALANCES - ENDING	<u>\$ 47,992</u>	<u>\$ -</u>	<u>\$ 43,027</u>	<u>\$ 16</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,622</u>

(Continued)

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

For the Year Ended June 30, 2009

	Drug Law Enforcement Fund	Community Development Block Grant	Courthouse Bond Fund	Courthouse Building Fund	911 Emergency Services	Intensive Supervision Fund	Total Nonmajor Governmental Funds
RECEIPTS							
Property Taxes	\$ -	\$ -	\$ 96,635	\$ -	\$ 106,984	\$ -	\$ 438,690
Intergovernmental	-	-	1,995	-	-	-	11,239
Charges for Services	-	-	-	86,914	-	1,572	88,486
Miscellaneous	-	-	-	29,325	-	-	168,657
TOTAL RECEIPTS	<u>-</u>	<u>-</u>	<u>98,630</u>	<u>116,239</u>	<u>106,984</u>	<u>1,572</u>	<u>707,072</u>
DISBURSEMENTS							
General Government	-	-	-	-	-	-	877,309
Public Safety	-	-	-	-	110,245	2,797	113,042
Public Assistance	-	-	-	-	-	-	47,961
Culture and Recreation	-	-	-	-	-	-	237,159
Capital Projects	-	-	-	127,305	-	-	127,305
TOTAL DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,305</u>	<u>110,245</u>	<u>2,797</u>	<u>1,402,776</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>98,630</u>	<u>(11,066)</u>	<u>(3,261)</u>	<u>(1,225)</u>	<u>(695,704)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	101,692	-	-	1,227	893,445
Transfers out	-	(99)	(232,733)	(98,567)	-	(8)	(363,094)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(99)</u>	<u>(131,041)</u>	<u>(98,567)</u>	<u>-</u>	<u>1,219</u>	<u>530,351</u>
Net Change in Fund Balances	-	(99)	(32,411)	(109,633)	(3,261)	(6)	(165,353)
FUND BALANCES - BEGINNING	<u>373</u>	<u>99</u>	<u>32,733</u>	<u>109,633</u>	<u>51,471</u>	<u>6</u>	<u>350,915</u>
FUND BALANCES - ENDING	<u>\$ 373</u>	<u>\$ -</u>	<u>\$ 322</u>	<u>\$ -</u>	<u>\$ 48,210</u>	<u>\$ -</u>	<u>\$ 185,562</u>

(Concluded)

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

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>VISITORS PROMOTION FUND</u>				
RECEIPTS				
Taxes	\$ 90,000	\$ 90,000	\$ 92,583	\$ 2,583
TOTAL RECEIPTS	<u>90,000</u>	<u>90,000</u>	<u>92,583</u>	<u>2,583</u>
DISBURSEMENTS	<u>146,975</u>	<u>146,975</u>	<u>97,659</u>	<u>49,316</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>(184)</u>	<u>(184)</u>	<u>(4,091)</u>	<u>(3,907)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(184)</u>	<u>(184)</u>	<u>(4,091)</u>	<u>(3,907)</u>
Net Change in Fund Balance	(57,159)	(57,159)	(9,167)	47,992
FUND BALANCE - BEGINNING	<u>57,159</u>	<u>57,159</u>	<u>57,159</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 47,992</u></u>	<u><u>\$ 47,992</u></u>
<u>EMPLOYMENT SECURITY FUND</u>				
RECEIPTS				
Taxes	\$ -	\$ -	\$ -	\$ -
TOTAL RECEIPTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DISBURSEMENTS	<u>12,000</u>	<u>12,000</u>	<u>6,623</u>	<u>5,377</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,386	1,386	1,386	-
Transfers out	<u>-</u>	<u>-</u>	<u>(5,377)</u>	<u>(5,377)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,386</u>	<u>1,386</u>	<u>(3,991)</u>	<u>(5,377)</u>
Net Change in Fund Balance	(10,614)	(10,614)	(10,614)	-
FUND BALANCE - BEGINNING	<u>10,614</u>	<u>10,614</u>	<u>10,614</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(Continued)

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
COUNTY INSURANCE FUND				
RECEIPTS				
Miscellaneous	\$ 1,408,032	\$ 1,408,032	\$ 137,032	\$ (1,271,000)
TOTAL RECEIPTS	1,408,032	1,408,032	137,032	(1,271,000)
DISBURSEMENTS	1,408,033	1,408,033	870,686	537,347
OTHER FINANCING SOURCES (USES)				
Transfers in	8,461	8,461	785,141	776,680
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	8,461	8,461	785,141	776,680
Net Change in Fund Balance	8,460	8,460	51,487	43,027
FUND BALANCE - BEGINNING	(8,460)	(8,460)	(8,460)	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,027</u>	<u>\$ 43,027</u>
MEDICAL RELIEF FUND				
RECEIPTS				
Taxes	\$ 3,726	\$ 3,726	\$ 9,516	\$ 5,790
Intergovernmental	195	195	402	207
Miscellaneous	-	-	2,300	2,300
TOTAL RECEIPTS	3,921	3,921	12,218	8,297
DISBURSEMENTS	29,000	31,697	31,697	-
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(7,584)	(7,584)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(7,584)	(7,584)
Net Change in Fund Balance	(25,079)	(27,776)	(27,063)	713
FUND BALANCE - BEGINNING	27,079	27,079	27,079	-
FUND BALANCE - ENDING	<u>\$ 2,000</u>	<u>\$ (697)</u>	<u>\$ 16</u>	<u>\$ 713</u>

(Continued)

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

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
INSTITUTIONS FUND				
RECEIPTS				
Taxes	\$ -	\$ -	\$ 5,102	\$ 5,102
Intergovernmental	360	360	93	(267)
TOTAL RECEIPTS	<u>360</u>	<u>360</u>	<u>5,195</u>	<u>4,835</u>
DISBURSEMENTS	<u>19,500</u>	<u>19,500</u>	<u>12,264</u>	<u>7,236</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(14,635)	(14,635)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(14,635)</u>	<u>(14,635)</u>
Net Change in Fund Balance	(19,140)	(19,140)	(21,704)	(2,564)
FUND BALANCE - BEGINNING	21,704	21,704	21,704	-
FUND BALANCE - ENDING	<u>\$ 2,564</u>	<u>\$ 2,564</u>	<u>\$ -</u>	<u>\$ (2,564)</u>
VETERANS' AID FUND				
RECEIPTS				
Taxes	\$ -	\$ -	\$ -	\$ -
TOTAL RECEIPTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DISBURSEMENTS	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,999	3,999	3,999	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,999</u>	<u>3,999</u>	<u>3,999</u>	<u>-</u>
Net Change in Fund Balance	(1)	(1)	(1)	-
FUND BALANCE - BEGINNING	1	1	1	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
LIBRARY FUND				
RECEIPTS				
Taxes	\$ 132,283	\$ 132,283	\$ 127,870	\$ (4,413)
Intergovernmental	7,714	7,714	8,749	1,035
TOTAL RECEIPTS	139,997	139,997	136,619	(3,378)
DISBURSEMENTS	188,500	188,500	139,500	49,000
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balance	(48,503)	(48,503)	(2,881)	45,622
FUND BALANCE - BEGINNING	48,503	48,503	48,503	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 45,622	\$ 45,622
DRUG LAW ENFORCEMENT FUND				
RECEIPTS				
Charges for Services	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
TOTAL RECEIPTS	2,000	2,000	-	(2,000)
DISBURSEMENTS	2,373	2,373	-	2,373
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balance	(373)	(373)	-	373
FUND BALANCE - BEGINNING	373	373	373	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 373	\$ 373

(Continued)

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

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
COMMUNITY DEVELOPMENT BLOCK GRANT				
RECEIPTS				
Taxes	\$ -	\$ -	\$ -	\$ -
TOTAL RECEIPTS	-	-	-	-
DISBURSEMENTS	99	99	-	99
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(99)	(99)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(99)	(99)
Net Change in Fund Balance	(99)	(99)	(99)	-
FUND BALANCE - BEGINNING	99	99	99	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
COURTHOUSE BOND FUND				
RECEIPTS				
Taxes	\$ -	\$ -	\$ 96,635	\$ 96,635
Intergovernmental	-	-	1,995	1,995
Miscellaneous	200,000	200,000	-	(200,000)
TOTAL RECEIPTS	200,000	200,000	98,630	(101,370)
DISBURSEMENTS	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	101,692	101,692
Transfers out	(232,733)	(232,733)	(232,733)	-
TOTAL OTHER FINANCING SOURCES (USES)	(232,733)	(232,733)	(131,041)	101,692
Net Change in Fund Balance	(32,733)	(32,733)	(32,411)	322
FUND BALANCE - BEGINNING	32,733	32,733	32,733	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 322</u>	<u>\$ 322</u>

(Continued)

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

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>COURTHOUSE BUILDING FUND</u>				
RECEIPTS				
Charges for Services	\$ 68,000	\$ 68,000	\$ 86,914	\$ 18,914
Miscellaneous	25,000	25,000	29,325	4,325
TOTAL RECEIPTS	93,000	93,000	116,239	23,239
DISBURSEMENTS	90,000	127,306	127,305	1
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(98,567)	(98,567)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(98,567)	(98,567)
Net Change in Fund Balance	3,000	(34,306)	(109,633)	(75,327)
FUND BALANCE - BEGINNING	109,633	109,633	109,633	-
FUND BALANCE - ENDING	\$ 112,633	\$ 75,327	\$ -	\$ (75,327)
<u>911 EMERGENCY SERVICES</u>				
RECEIPTS				
Taxes	\$ 104,400	\$ 104,400	\$ 106,984	\$ 2,584
TOTAL RECEIPTS	104,400	104,400	106,984	2,584
DISBURSEMENTS	155,871	155,871	110,245	45,626
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balance	(51,471)	(51,471)	(3,261)	48,210
FUND BALANCE - BEGINNING	51,471	51,471	51,471	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 48,210	\$ 48,210

(Continued)

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

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>INTENSIVE SUPERVISION FUND</u>				
RECEIPTS				
Charges for Services	\$ 1,573	\$ 1,573	\$ 1,572	\$ (1)
TOTAL RECEIPTS	1,573	1,573	1,572	(1)
DISBURSEMENTS	2,800	2,800	2,797	3
OTHER FINANCING SOURCES (USES)				
Transfers in	1,227	1,227	1,227	-
Transfers out	-	-	(8)	(8)
TOTAL OTHER FINANCING SOURCES (USES)	1,227	1,227	1,219	(8)
Net Change in Fund Balance	-	-	(6)	(6)
FUND BALANCE - BEGINNING	6	6	6	-
FUND BALANCE - ENDING	<u>\$ 6</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ (6)</u>

(Concluded)

ADAMS COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2009

	County Clerk	Register of Deeds	Clerk of the District Court	County Sheriff	County Attorney
BALANCE JULY 1, 2008	\$ 857	\$ 21,849	\$ 396,701	\$ 87,305	\$ 12,114
RECEIPTS					
Licenses and Permits	2,880	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for Services	1,697	131,585	-	163,534	-
Miscellaneous	-	-	52,780	-	-
State Fees	-	126,261	46,170	-	-
Other Liabilities	-	-	1,881,349	199,665	42,036
TOTAL RECEIPTS	4,577	257,846	1,980,299	363,199	42,036
DISBURSEMENTS					
Payments to County Treasurer	4,827	130,002	52,087	162,946	1,790
Payments to State Treasurer	-	127,671	45,515	204,214	-
Other Liabilities	-	-	2,011,460	-	45,213
TOTAL DISBURSEMENTS	4,827	257,673	2,109,062	367,160	47,003
BALANCE JUNE 30, 2009	\$ 607	\$ 22,022	\$ 267,938	\$ 83,344	\$ 7,147
BALANCE CONSISTS OF:					
Due to County Treasurer	\$ 607	\$ 12,429	\$ 4,217	\$ 71,371	\$ 3,006
Petty Cash	-	-	-	9,826	883
Due to State Treasurer	-	9,593	3,663	-	-
Due to Others	-	-	260,058	2,147	3,258
BALANCE JUNE 30, 2009	\$ 607	\$ 22,022	\$ 267,938	\$ 83,344	\$ 7,147

(Continued)

ADAMS COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2009

	Weed Superintendent	Highway Superintendent	Veterans' Service Officer	County Planning and Zoning	Total
BALANCE JULY 1, 2008	\$ 2,801	\$ 17,464	\$ 2,276	\$ 25	\$ 541,392
RECEIPTS					
Licenses and Permits	-	-	-	-	2,880
Intergovernmental	-	534,474	-	-	534,474
Charges for Services	15,028	1,850	-	23,289	336,983
Miscellaneous	-	80,366	-	-	133,146
State Fees	-	-	-	-	172,431
Other Liabilities	-	-	4,048	-	2,127,098
TOTAL RECEIPTS	<u>15,028</u>	<u>616,690</u>	<u>4,048</u>	<u>23,289</u>	<u>3,307,012</u>
DISBURSEMENTS					
Payments to County Treasurer	14,546	617,553	-	23,289	1,007,040
Payments to State Treasurer	-	-	-	-	377,400
Other Liabilities	-	-	2,705	-	2,059,378
TOTAL DISBURSEMENTS	<u>14,546</u>	<u>617,553</u>	<u>2,705</u>	<u>23,289</u>	<u>3,443,818</u>
BALANCE JUNE 30, 2009	<u>\$ 3,283</u>	<u>\$ 16,601</u>	<u>\$ 3,619</u>	<u>\$ 25</u>	<u>\$ 404,586</u>
BALANCE CONSISTS OF:					
Due to County Treasurer	\$ 3,258	\$ 16,401	\$ -	\$ -	\$ 111,289
Petty Cash	25	200	-	25	10,959
Due to State Treasurer	-	-	-	-	13,256
Due to Others	-	-	3,619	-	269,082
BALANCE JUNE 30, 2009	<u>\$ 3,283</u>	<u>\$ 16,601</u>	<u>\$ 3,619</u>	<u>\$ 25</u>	<u>\$ 404,586</u>

(Concluded)

ADAMS COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED FOR
ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2009

Item	2004	2005	2006	2007	2008
Tax Certified by Assessor					
Real Estate	\$ 30,197,264	\$ 31,911,400	\$ 33,197,316	\$ 33,175,945	\$ 34,629,943
Personal and Specials	1,820,045	2,011,583	2,034,739	2,202,187	2,184,490
Total	32,017,309	33,922,983	35,232,055	35,378,132	36,814,433
Corrections					
Additions	39,393	49,528	45,111	21,205	8,727
Deductions	(44,579)	(129,551)	(94,241)	(15,315)	(7,223)
Net Additions/ (Deductions)	(5,186)	(80,023)	(49,130)	5,890	1,504
Corrected Certified Tax	32,012,123	33,842,960	35,182,925	35,384,022	36,815,937
Net Tax Collected by					
County Treasurer during					
Fiscal Year Ending:					
June 30, 2005	18,962,798	-	-	-	-
June 30, 2006	12,944,675	19,673,529	-	-	-
June 30, 2007	45,368	14,088,332	20,671,367	-	-
June 30, 2008	8,825	18,351	14,424,932	20,452,926	-
June 30, 2009	15,006	23,276	31,687	14,863,646	21,397,426
Total Net Collections	31,976,672	33,803,488	35,127,986	35,316,572	21,397,426
Total Uncollected Tax	\$ 35,451	\$ 39,472	\$ 54,939	\$ 67,450	\$ 15,418,511
Percentage Uncollected Tax	0.11%	0.12%	0.16%	0.19%	41.88%

ADAMS COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF HOMELAND SECURITY		
Passed through Nebraska Military Department		
Homeland Security Grant Program	97.067	\$ 60,252
Citizen Corps	97.053	5,230
Emergency Management Performance Grants	97.042	61,029
Disaster Grants-Public Assistance (FEMA)	97.036	* 475,857
		<u>602,368</u>
Total U.S. Department of Homeland Security		<u>602,368</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Passed through Nebraska Department of Health and Human Services		
Child Support Enforcement	93.563	64,961
Medical Assistance Program - Child Support	93.778	40,175
		<u>105,136</u>
Total U.S. Department of Health and Human Services		<u>105,136</u>
U.S. DEPARTMENT OF TRANSPORTATION		
Passed through Nebraska Department of Roads		
Public Transportation Assistance	20.509	117,181
Passed through Nebraska Commission on Law Enforcement and Criminal Justice		
Highway Safety Program (E-Citation)	20.603	22,065
		<u>139,246</u>
Total U.S. Department of Transportation		<u>139,246</u>
U.S. DEPARTMENT OF JUSTICE		
Passed through Nebraska Commission on Law Enforcement and Criminal Justice		
Crime Victim Assistance	16.575	24,475
Passed through Nebraska State Patrol	IG-02-0104	
High Intensity Drug (HIDTA)	18PMWP634Z	40,907
		<u>65,382</u>
Total U.S. Department of Justice		<u>65,382</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u><u>\$ 912,132</u></u>

ADAMS COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. General

The accompanying schedule of expenditures of Federal awards (the Schedule) presents the activity of all Federal awards programs of Adams County (the County), except as noted in Note 2 below. The County's reporting entity is defined in Note 1.A. to the County's financial statements. Federal awards received directly from Federal agencies, as well as those passed through other government agencies, are included in the Schedule. Unless otherwise noted on the Schedule, all programs are received directly from the respective Federal agency. Due to the operations of the County, the accumulation of amounts passed to subrecipients by the County is not practical.

2. Summary of Significant Accounting Policies

A. **Reporting Entity**

The County's reporting entity is defined in Note 1.A. to the financial statements. The accompanying Schedule includes the Federal awards programs administered by the County for the fiscal year ended June 30, 2009.

B. **Basis of Presentation**

The accompanying Schedule presents total expenditures for each Federal awards program in accordance with Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements. Federal program titles are reported as presented in the Catalog of Federal Domestic Assistance (CFDA), whenever possible.

Federal Awards. Pursuant to OMB Circular A-133, Federal awards are defined as assistance provided by a Federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations.

Major Programs. In accordance with OMB Circular A-133, major programs are determined using a risk-based approach. Programs in the accompanying Schedule denoted with an asterisk (*) are considered major programs.

C. **Basis of Accounting**

The accompanying schedule was prepared on the cash basis of accounting.

Matching Costs. The Schedule does not include matching expenditures from general revenues of the County.



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

Board of Supervisors
Adams County, Nebraska

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Adams County as of and for the year ended June 30, 2009, and have issued our report thereon dated September 23, 2009. 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 Adams County's internal control over financial reporting 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 Adams County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's

financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiency to be a significant deficiency in internal control over financial reporting:

- 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.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency described above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Name 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 noted certain matters that we reported to management of Adams County in a separate letter dated September 23, 2009.

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

Signed Original on File

September 23, 2009

Deann Haeffner, CPA
Assistant Deputy Auditor



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ADAMS COUNTY

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Supervisors
Adams County, Nebraska

Compliance

We have audited the compliance of Adams County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2009. Adams County's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of Adams County's management. Our responsibility is to express an opinion on Adams County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Adams County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Adams County's compliance with those requirements.

In our opinion, Adams County complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Adams County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered Adams County's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a Federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a Federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a Federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the County Board, others within the entity, the State Legislature, and Federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Signed Original on File

September 23, 2009

Deann Haeffner, CPA
Assistant Deputy Auditor

ADAMS COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I. SUMMARY OF AUDITOR'S RESULTS

Type of auditor's report issued: **Unqualified**

Internal control over financial reporting:

Material weaknesses identified? X Yes No

Significant Deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

Internal control over major programs:

Material weaknesses identified? Yes X No

Significant Deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Type of auditor's report issued on compliance for major programs: **Unqualified**

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133: Yes X No

Major programs: **Disaster Grants – Public Assistance, CFDA #97.036**

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee: Yes X No

SECTION II. FINANCIAL STATEMENT FINDINGS

Condition - There is a lack of segregation of accounting functions among various County offices and personnel. This is a continuing item from the prior year.

Criteria - Authorization or approval of transactions, recording of transactions, and custody of assets should normally be segregated from each other.

ADAMS COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION II. FINANCIAL STATEMENT FINDINGS (Concluded)

Effect of the Condition - This lack of segregation of duties results in an inadequate overall internal control structure design.

Cause of the Condition - The County does not employ sufficient office personnel to properly segregate accounting functions.

Recommendation - The County should be aware of the inherent risks associated with improper segregation of accounting functions. The County should also develop mitigating controls to reduce the risk of errors or fraud associated with improper segregation of accounting functions.

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Noted.



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September 23, 2009

Board of Supervisors
Adams County, Nebraska

Dear Supervisors:

We have audited the basic financial statements of Adams County (County) for the fiscal year ended June 30, 2009, and have issued our report thereon dated September 23, 2009. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

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

COUNTY OVERALL

Segregation of Duties

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

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

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

COUNTY BOARD

Imprest Account Reconciliation

Neb. Rev. Stat. § 23-109 (Reissue 2007) regarding payment of claims, audit, settlement, and an imprest system of accounting, gives the County Board the authority to authorize the County Clerk to establish an imprest vendor, payroll, or other account for the payment of County warrants. Sound accounting practices and good internal control require procedures be in place to ensure complete, accurate, and timely reconciliation of all accounts with any variances be promptly investigated and resolved.

The vendor imprest bank account was not reconciled to the accounting records each month, an unidentified variance of \$725 existed as of June 30, 2009.

When bank accounts are not completely and accurately reconciled in a timely manner with variances promptly investigated and resolved, there is an increased risk of loss, theft, or misuse of funds.

We recommend all bank accounts, including the County's vendor imprest account, be completely and accurately reconciled in a timely manner. We further recommend any variances be promptly resolved.

COUNTY TREASURER

Review of Trust and Agency Balances

Sound accounting practices require adequate procedures be in place to ensure the timely recognition and distribution of all funds received by the County Treasurer's office in a trust and agency capacity.

During the August 2009 audit fieldwork, the County Treasurer's office was unaware its June 2009 receipt of \$188,032 in Homestead Exemption funds had not been distributed to the various political subdivisions and County funds. The oversight appeared to have occurred when a computerized restore/backup process caused the distribution of the original Homestead receipt distribution to not be restored. The restore/backup change went undetected by the County Treasurer's office. The County Treasurer's office took corrective distribution action once it was brought to their attention during audit fieldwork.

When funds received in a trust and agency capacity are not timely recognized and distributed there is an increased risk of loss, theft, or misuse of such monies.

We recommend the County Treasurer's office implement a timely review of all balances held in a trust and agency capacity to determine their reasonableness and timely disposition.

Revenue Recognition Procedures

Neb. Rev. Stat. § 2-959 (Reissue 2007) regarding weed control authorities and the control of weeds requires, in part, “all funds so received shall be deposited to the noxious weed control fund...” Neb. Rev. Stat. § 23-109 (Reissue 2007) regarding claims against the County gives the County Board the sole power to examine and settle all accounts against the County and all accounts concerning the receipts and expenditures of the County. In addition, Neb. Rev. Stat. § 23-1601(1) (Supp. 2007) states, in part, “All money received by the county treasurer for the use of the county shall be paid out by him or her only on warrants issued by the county board according to law, except when special provisions for payment of county money is otherwise made by law....”

During our audit the following was noted:

- Weed spraying and seed cleaning revenues totaling \$14,546 were deposited into the General Fund during the fiscal year ended June 30, 2009, rather than into a noxious weed control fund as required by State Statute. The County’s cost of weed control operations are budgeted and paid as a function of the County’s General Fund.
- All inheritance tax revenues are deposited directly into the Inheritance Tax fund with any subsequent refunds paid out directly by the County Treasurer rather than through the official claim and warrant process of the County. During the fiscal year ended June 30, 2009, \$5,784 in such refunds were paid out directly by the County Treasurer’s office.

When weed spraying revenues are not deposited to a noxious weed control fund the County is non-compliant with State Statute. In addition, when inheritance tax refunds are paid out directly rather than through the official claim and warrant process there is an increased risk of loss, theft, or misuse of such funds.

We recommend all revenues received by the County specifically related to weed spraying and the control of weeds be deposited into a noxious weed control fund as required by State Statute. We further recommend all Inheritance Tax refunds be paid out only through the official claim and warrant process of the County.

Investment Interest

Sound accounting practices require adequate procedures be in place to ensure the complete, accurate, and timely recording of all investment interest earned by the County.

During the fiscal year ended June 30, 2009, the County Treasurer rolled over a \$500,000 certificate of deposit with earned interest of \$14,504 into a new certificate with a \$514,504 principal. The County Treasurer’s office did not receipt the \$14,504 increase in its investment balance as a result of interest earned on the rolled over investment.

When investment interest is not receipted in a timely manner there is an increased risk of loss, theft, or misuse of such funds.

We recommend the County Treasurer implement procedures to ensure complete, accurate, and timely recording of all investment interest earned by the County.

COUNTY SHERIFF

Sheriff Balancing and Remittances

Neb. Rev. Stat. § 33-117(3) (Reissue 2004) states, in part, "...The Sheriff...shall pay all fees earned to the county treasurer...on the first Tuesday in January, April, July, and October of each year...."

Sound accounting practices and good internal control require procedures be in place to ensure office assets (cash on hand, reconciled bank balances, accounts receivable, advanced fees, etc.) are in agreement with office liabilities (fees and trust accounts) on at least a monthly basis. Balancing procedures should include the timely identification and resolution of all variances noted.

During our audit the following was noted:

- The County Sheriff did not remit all fees and mileage earned to the County Treasurer but instead remitted only those monies collected.
- Office assets were not balanced with office liabilities as of June 30, 2009. Auditor determined June 30, 2009, office assets exceeded office liabilities by \$12,629. Subsequent to its prior year audit the County Sheriff implemented procedures to reconcile office assets with office liabilities, however, a consistent monthly variance has yet to be achieved which would allow the County Sheriff to remit any excess to the County General Fund.

When all monies earned are not remitted to the County Treasurer, the County Sheriff is not in compliance with State Statute. Additionally, failure to determine asset-to-liability balancing variances contributes to an increased risk of loss, theft, or misuse of funds in addition to allowing errors to not be detected and resolved in a timely manner.

We recommend the County Sheriff continue its documented monthly balancing procedures in an effort to achieve a consistent monthly variance at which point any excess could be remitted to the County General Fund. We further recommend the County Sheriff remit all fees earned to the County Treasurer on, at a minimum, quarterly basis.

Sheriff Accounting Procedures

Neb. Rev. Stat. § 23-1601(1) (Supp. 2007) states, in part, "...it is the duty of the county treasurer to receive all money belonging to the county, from whatsoever source derived and by any method of payment provided by section 77-1702, and all other money which is by law directed

to be paid to him or her. All money received by the county treasurer for the use of the county shall be paid out by him or her only on warrants issued by the county board according to law, except when special provisions for payment of county money is otherwise made by law....” In addition, good internal control requires strong basic accounting procedures be implemented to assist in reducing the risk of loss, theft, or misuse of funds.

During our audit, the following was noted:

- Claim and warrant process is not used consistently when receipting and expending funds. Money is receipted into and disbursed directly from the Commissary, House Arrest account, and Intoxilizer bank accounts. Deposits into those accounts included work release fees, UA fees, GPS tracking fees, and inmate commissary purchases. Disbursements included purchase of commissary items for resale, GPS tracking service bills, and blood alcohol testing costs.
- Cash in the Commissary change box could not be tied to receipts or the cash on hand amount. The change box is maintained at a specific amount equal to \$165 in bills, plus an unidentified amount of change. During our audit, total cash counted equaled \$301, of which \$26 tied to receipts. Therefore, a balance of \$110 was unaccounted for and could not be tied to receipts.
- Testing of petty cash reimbursements noted seven claims filed for the revolving account which did not have detailed supporting documentation.
- Food and revolving accounts are not maintained at an imprest, authorized amount.
- Eight checks on hand at the time of the surprise cash count had not been restrictively endorsed. These checks were for title inspections, gun permits, and proceeds from the closure of a bank account.
- Excess balances were retained in Special Deposit, Distress Warrant, and Title accounts. The Title account, with a June 30, 2009, balance of \$5,168, was used for Social Security finder’s fees and clearing of inmate money orders/checks. The Distress Warrant account, with a June 30, 2009, balance of \$925, was used for receiving and disbursing distress warrants. The Deposit Account, with a June 30, 2009, balance of \$25, was used for deposit of bond receipts.

When all monies received are not appropriately accounted for and sound accounting practices and good internal control procedures are not in place, there is an increased risk of loss, theft, or misuse of funds.

We recommend all monies received be deposited with the County Treasurer and all payments for goods and/or services be paid through the County’s claim and warrant process. We also recommend the County Sheriff implement procedures to ensure cash on hand is adequately controlled, all checks received are restrictively endorsed immediately upon receipt, and receipts are written for all collections.

Unclaimed Property

Neb. Rev. Stat. § 69-1310 (Reissue 2003), the Unclaimed Property Act, provides any unclaimed property after three years is presumed abandoned. Any presumed abandoned property as of June 30 each year must be reported and remitted to the State Treasurer by November 1 of each year.

As of June 30, 2009, three checks, totaling \$460, were noted which had been outstanding in excess of three years without having been reported and remitted to the State Treasurer in compliance with the Unclaimed Property Act.

When unclaimed property is not remitted pursuant to the Unclaimed Property Act, the County is not in compliance with State Statute. In addition, the County is exposed to an increased risk of loss, theft, or misuse of funds.

We recommend all Unclaimed Property be reported and remitted to the State Treasurer in accordance with State Statute.

County Provided Housing

Internal Revenue Code section 119(a) states the gross income of an employee does not include the value of lodging furnished for the convenience of the employer, but only if the employee is required to accept the lodging on the business premises of his employer as a condition of his employment.

March 2005 edition of the Internal Revenue Service's monthly "Federal, State and Local Governments Newsletter" states, "**Condition of Employment:** *Lodging must also be accepted as a condition of employment in order to be excludable, which means that an employee must be required to accept the lodging in order to enable him or her to properly perform the duties of his or her employment. Lodging is deemed to meet this requirement when, for example, the employee must be available for duty at all times or because the employee could not perform the services required of him or her unless he or she was furnished the lodging. If the employee has the choice of accepting or rejecting the lodging, no exclusion will be allowed. A statement that the lodging is required by the employer is not sufficient evidence for the condition to be met. The lodging must be necessary in order for the employee to properly do his or her job or the employee must be on call at all times. However, it is not necessary for the employee to show that his or her duties would be impossible to perform without the provision of the lodging. This requirement may be satisfied if the employer-furnished lodging provides significant benefits or rewards to the employer or in some other manner facilitates job performance.*"

The County Sheriff lives in County provided housing located in the Adams County Courthouse, the benefit of which is not added to his taxable gross income.

We recommend the County review the housing arrangement with the County Sheriff and determine if current handling of County provided housing is compliant with IRS Code. We further recommend the County consider, when establishing official's salaries, including a description of the housing arrangement.

COUNTY ATTORNEY

Office Accountability

Sound accounting practices require all monies held in trust be adequately detailed as to whom such funds are owed. In addition, sound accounting practices also require all checks be restrictively endorsed immediately upon receipt and all receipts be deposited on a frequent, ongoing basis in order to reduce the risk of loss, theft, or misuse. Sound accounting practices also require procedures be in place to ensure timely resolution of bank account reconciling items. Lastly, sound accounting practices and good internal control require authorized petty cash funds be maintained on an imprest basis with detailed supporting documentation for all reimbursement claims.

During our audit the following was noted:

- As of June 30, 2009, the \$3,431 in the County Attorney's Trust account could not be accounted for as to whom the funds were owed.
- Bad check fee revenue is not remitted to the County Treasurer on a monthly basis but rather is remitted only periodically throughout the fiscal year.
- One check on hand at the time of surprise cash count had not been restrictively endorsed.
- As of June 30, 2009, the County Attorney's Check Reimbursement bank account had a negative book balance of \$173 primarily due to unreimbursed service charges.
- The "Special Fund" petty cash account used by the County Attorney's office to pay court costs is not maintained on an imprest basis and no supporting documentation was retained for the one petty cash reimbursement claim selected for testing.

When monies received are not adequately accounted for in a complete, accurate, and timely manner there is an increased risk of loss, theft, or misuse of such funds.

We recommend the County Attorney review its office accountability procedures in each of the above noted areas and implement procedures to ensure complete, accurate, and timely accountability of all monies.

County Attorney's Response: While I cannot disagree with the specific findings contained within the management letter I do have a couple of comments.

The Trust Account has been in existence since I took office approximately fifteen years ago and no audit procedure was in place at that time for the accounts for my predecessors' administrations – so I cannot say how long those monies have been in that account. As far as I can ascertain all amounts for which we had and have information have been paid and no one has contacted me since taking office to inquire of monies due them but for which they were not paid. If there is a procedure by which to remove these funds from this account we will implement same upon being advised of how to do it and to whom the monies should be paid.

When my office handled a large amount of Bad Check fee revenue it was remitted on a more consistent basis. With the use of debit cards in our society and many merchants no longer accepting checks, our processing of insufficient fund checks is far more sporadic because checks are not referred to this office on a regular basis as in years past. While I agree that monthly processing is the preferred method and we will make every effort to do so in the future, doing so may not always be the most efficient practice.

Unclaimed Property

Neb. Rev. Stat. § 69-1310 (Reissue 2003), the Unclaimed Property Act, provides any unclaimed property, after three years, is presumed abandoned. Any presumed abandoned property, as of June 30 each year, must be reported and remitted to the State Treasurer by November 1 of each year.

As of June 30, 2009, nine checks, totaling \$398, were noted which had been outstanding in excess of three years without having been reported and remitted to the State Treasurer in compliance with the Unclaimed Property Act.

When unclaimed property is not remitted pursuant to the Unclaimed Property Act, the County is not in compliance with State Statute. In addition, the County is exposed to an increased risk of loss, theft, or misuse of funds.

We recommend all Unclaimed Property be reported and remitted to the State Treasurer in accordance with State Statute.

County Attorney's Response: Following last year's audit, my office manager spoke with the State Treasurer's Office regarding unclaimed property and what amounts were outstanding. It was her belief that following that conversation all monies for the "year" had been properly remitted. We have discussed this, however, and the monies recommended by the auditors to be remitted will be processed accordingly.

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

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

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

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

Sincerely,

Signed Original on File

Deann Haeffner, CPA
Assistant Deputy Auditor