

**AUDIT REPORT
OF
ADAMS COUNTY**

JULY 1, 2009 THROUGH JUNE 30, 2010

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the Auditor of Public Accounts.**

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Issued on September 29, 2010

ADAMS COUNTY

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ADAMS COUNTY

LIST OF COUNTY OFFICIALS

At June 30, 2010

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Larry Woodman	Board of Supervisors	Jan. 2013
Charles Neumann		Jan. 2013
Eldon Othmann		Jan. 2011
Dale Curtis		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, 2010, which collectively comprise the County's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash balances of the governmental activities, each major fund, and the aggregate remaining fund information for the primary government of Adams County, as of June 30, 2010, and the respective changes in cash balances thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2010, 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. 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 21, 2010

Deann Haeffner, CPA
Assistant Deputy Auditor

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

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 2,410,639
Investments (Note 1.D)	1,303,978
TOTAL ASSETS	\$ 3,714,617
 NET ASSETS	
Restricted for:	
Visitor Promotion	\$ 53,271
911 Emergency Services	52,670
Other Purposes	47,896
Unrestricted	3,560,780
TOTAL NET ASSETS	\$ 3,714,617

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, 2010

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	\$ (4,274,504)	\$ 829,911	\$ 128,838	\$ (3,315,755)
Public Safety	(4,149,385)	275,612	292,813	(3,580,960)
Public Works	(3,348,110)	11,203	1,541,650	(1,795,257)
Health and Sanitation	(71,217)	-	-	(71,217)
Public Assistance	(289,222)	-	34,717	(254,505)
Culture and Recreation	(242,333)	-	-	(242,333)
Total Governmental Activities	\$ (12,374,771)	\$ 1,116,726	\$ 1,998,018	(9,260,027)

General Receipts:

Property Taxes	8,295,901
Grants and Contributions Not Restricted to Specific Programs	907,656
Investment Income	62,072
Miscellaneous	224,550
Total General Receipts	9,490,179
 Change in Net Assets	 230,152
Net Assets - Beginning	3,484,465
Net Assets - Ending	\$ 3,714,617

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, 2010

	<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)	\$ 312,040	\$ 778,236	\$ 1,149,716	\$ 170,647	\$ 2,410,639
Investments (Note 1.D)	1,303,978	-	-	-	1,303,978
TOTAL ASSETS	<u><u>\$ 1,616,018</u></u>	<u><u>\$ 778,236</u></u>	<u><u>\$ 1,149,716</u></u>	<u><u>\$ 170,647</u></u>	<u><u>\$ 3,714,617</u></u>
FUND BALANCES					
Unreserved, reported in:					
General fund	\$ 1,616,018	\$ -	\$ -	\$ -	\$ 1,616,018
Special revenue funds	-	778,236	1,149,716	170,647	2,098,599
TOTAL CASH BASIS FUND BALANCES	<u><u>\$ 1,616,018</u></u>	<u><u>\$ 778,236</u></u>	<u><u>\$ 1,149,716</u></u>	<u><u>\$ 170,647</u></u>	<u><u>\$ 3,714,617</u></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, 2010

	General Fund	Escrow Holding Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Property Taxes	\$ 7,262,706	\$ -	\$ 688,202	\$ 344,993	\$ 8,295,901
Licenses and Permits	129,580	-	-	-	129,580
Interest	62,072	-	-	-	62,072
Intergovernmental	2,896,636	-	-	9,038	2,905,674
Charges for Services	1,082,775	-	-	33,951	1,116,726
Miscellaneous	91,935	-	922	2,113	94,970
TOTAL RECEIPTS	<u>11,525,704</u>	<u>-</u>	<u>689,124</u>	<u>390,095</u>	<u>12,604,923</u>
DISBURSEMENTS					
General Government	3,878,144	253,097	53,662	89,601	4,274,504
Public Safety	4,049,570	-	-	99,815	4,149,385
Public Works	3,348,110	-	-	-	3,348,110
Health and Sanitation	71,217	-	-	-	71,217
Public Assistance	286,122	-	-	3,100	289,222
Culture and Recreation	-	-	-	242,333	242,333
TOTAL DISBURSEMENTS	<u>11,633,163</u>	<u>253,097</u>	<u>53,662</u>	<u>434,849</u>	<u>12,374,771</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(107,459)</u>	<u>(253,097)</u>	<u>635,462</u>	<u>(44,754)</u>	<u>230,152</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	834,297	635,062	-	64,455	1,533,814
Transfers out	(699,198)	-	(800,000)	(34,616)	(1,533,814)
TOTAL OTHER FINANCING SOURCES (USES)	<u>135,099</u>	<u>635,062</u>	<u>(800,000)</u>	<u>29,839</u>	<u>-</u>
Net Change in Fund Balances	27,640	381,965	(164,538)	(14,915)	230,152
CASH BASIS FUND BALANCES - BEGINNING	<u>1,588,378</u>	<u>396,271</u>	<u>1,314,254</u>	<u>185,562</u>	<u>3,484,465</u>
CASH BASIS FUND BALANCES - ENDING	<u>\$ 1,616,018</u>	<u>\$ 778,236</u>	<u>\$ 1,149,716</u>	<u>\$ 170,647</u>	<u>\$ 3,714,617</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, 2010

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,937,779
Investments	1,029,436
TOTAL ASSETS	2,967,215
 LIABILITIES	
Due to other governments	
State	441,157
Schools	1,672,750
Educational Service Units	6,310
Technical College	35,808
Natural Resource Districts	10,126
Fire Districts	3,859
Municipalities	265,885
Agricultural Society	8,709
Townships	31,862
Sanitary and Improvement Districts	105,667
Clerk of District Court Trust Accounts	372,557
Others	12,525
TOTAL LIABILITIES	2,967,215
 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, 2010

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 \$116,412 toward the operation of the Region during fiscal year 2010.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

The Department's governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is required to be audited annually in accordance with Neb. Rev. Stat. § 84-304. Financial information for the Department is available in that report.

B. Basis of Presentation

Government-wide Financial Statements. The Statement of Net Assets - Cash Basis and Statement of Activities - Cash Basis display information about the activities of the County, and are in the format of government-wide statements as required by GASB Statement Number 34. These statements include all the financial activities of the County, except for fiduciary activities. Internal activities in these statements 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.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

The County reports the following major governmental funds:

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

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

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.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

The governmental fund financial statements were also reported on the cash receipt and disbursement basis of accounting. As such, the same measurement focus and basis of accounting were used as described above. This differs from governmental GAAP, which require governmental fund financial statements to be reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this measurement focus and basis of accounting, 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.

D. Assets and Net Assets

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

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

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

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

Compensated Absences. Vested or accumulated vacation leave that is liquidated with expendable available financial resources is reported as an 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.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Under GAAP, the compensated absences liability would be reported in the government-wide financial statements and would be recorded in accordance with the County's policy, which is to recognize the expense and accrued liability when vacation and compensatory leave is earned.

Restricted Net Assets. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net assets are reported as restricted when constraints placed on their use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net assets reports \$153,837 of restricted net assets which are restricted by enabling legislation.

2. **Deposits and Investments**

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

At year end, the County's carrying amount of deposits was \$2,410,639 for County funds and \$1,937,779 for Fiduciary funds. The bank balances for all funds totaled \$3,604,826. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits as of June 30, 2010, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

The County's carrying value of investments are stated at cost, which approximates market. Investments consisted of \$10,000 in U.S. Government Securities and of \$1,293,978 for County funds, and \$1,029,436 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.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. Property Taxes

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

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

The levy set in October 2009, for the 2009 taxes which will be materially collected in May and September, 2010, was set at \$.336511/\$100 of assessed valuation. The levy set in October 2008, for the 2008 taxes which were materially collected in May and September, 2009, was set at \$.33821946/\$100 of assessed valuation. The amount collected for motor vehicle tax is outlined in State statute.

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

4. Retirement System

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

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

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

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

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

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

For the year ended June 30, 2010, 149 employees contributed \$210,258; the County contributed \$315,386 which consisted entirely of cash contributions. Additionally, for the year ended June 30, 2010, 16 law enforcement employees and the County contributed \$7,947 in cash contributions for the supplemental law enforcement plan. Lastly, the County paid \$700 directly to 7 retired employees for prior service benefits.

5. **Risk Management**

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

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

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. Risk Management (Concluded)

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

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

The County has not paid any additional assessments to the Pool in the last three fiscal years and no assessments are anticipated for fiscal year 2011. The County has not had to pay out any amounts that exceeded coverage provided by the Pool in the last three fiscal years.

6. Interfund Transfers

Interfund transfers for the year ended June 30, 2010, consisted of the following:

Transfers to	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
General Fund	\$ -	\$ 800,000	\$ 34,297	\$ 834,297
Escrow Holding Fund	635,062	-	-	635,062
Nonmajor Funds	64,136	-	319	64,455
Total	\$ 699,198	\$ 800,000	\$ 34,616	\$ 1,533,814

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, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 7,877,958	\$ 7,877,958	\$ 7,262,706	\$ (615,252)
Licenses and Permits	133,560	133,560	129,580	(3,980)
Interest	113,000	113,000	62,072	(50,928)
Intergovernmental	2,431,520	2,431,520	2,896,636	465,116
Charges for Services	958,238	958,238	1,082,775	124,537
Miscellaneous	69,380	69,380	91,935	22,555
TOTAL RECEIPTS	11,583,656	11,583,656	11,525,704	(57,952)
DISBURSEMENTS				
General Government:				
County Board	206,461	206,461	199,750	6,711
County Clerk	327,308	327,308	318,274	9,034
County Treasurer	432,339	432,339	380,280	52,059
Register of Deeds	194,197	194,197	188,582	5,615
County Assessor	477,505	477,505	429,190	48,315
Building and Zoning	66,077	67,518	67,518	-
Data Processing	200,422	200,422	198,896	1,526
Clerk of the District Court	374,111	379,704	379,704	-
County Court System	134,700	134,700	117,222	17,478
District Judge	53,401	53,401	52,204	1,197
Public Defender	520,725	536,977	536,977	-
Building and Grounds	476,231	476,231	431,306	44,925
Agricultural Extension Agent	130,187	130,187	115,225	14,962
Microfilm	45,787	45,787	29,778	16,009
Miscellaneous	502,641	502,641	433,238	69,403
Public Safety:				
County Sheriff	1,641,236	1,641,236	1,323,073	318,163
County Attorney	756,875	756,875	696,645	60,230
Communication Center	47,448	47,448	41,594	5,854
County Jail	1,639,274	1,639,274	1,487,574	151,700
Emergency Management	163,963	163,963	153,131	10,832
Supervised Probation	2,328	2,328	2,320	8
Adult Probation	40,080	40,080	39,451	629
Juvenile Probation	3,600	3,600	3,566	34
Miscellaneous	337,204	337,204	152,216	184,988
Ambulance	150,000	150,000	150,000	-

(Continued)

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DISBURSEMENTS (Continued)				
Public Works:				
County Surveyor	22,154	22,154	15,065	7,089
Noxious Weed Control	78,462	78,462	68,178	10,284
Road	3,942,956	3,942,956	3,232,602	710,354
Miscellaneous	125,000	125,000	32,265	92,735
Public Health:				
Miscellaneous	84,217	84,217	71,217	13,000
Public Assistance:				
Veterans' Service Officer	128,418	128,418	126,242	2,176
Relief - Medical	36,000	43,879	43,879	-
Miscellaneous	99,149	99,149	116,001	(16,852)
TOTAL DISBURSEMENTS	<u>13,440,456</u>	<u>13,471,621</u>	<u>11,633,163</u>	<u>1,838,458</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(1,856,800)</u>	<u>(1,887,965)</u>	<u>(107,459)</u>	<u>1,780,506</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	800,000	800,000	834,297	34,297
Transfers out	(3,100)	(3,100)	(699,198)	(696,098)
TOTAL OTHER FINANCING SOURCES (USES)	<u>796,900</u>	<u>796,900</u>	<u>135,099</u>	<u>(661,801)</u>
Net Change in Fund Balance	(1,059,900)	(1,091,065)	27,640	1,118,705
FUND BALANCES - BEGINNING	<u>1,588,378</u>	<u>1,588,378</u>	<u>1,588,378</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 528,478</u>	<u>\$ 497,313</u>	<u>\$ 1,616,018</u>	<u>\$ 1,118,705</u>

(Concluded)

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ESCROW HOLDING FUND				
RECEIPTS				
Taxes	\$ -	\$ -	\$ -	\$ -
TOTAL RECEIPTS	-	-	-	-
DISBURSEMENTS	396,271	396,271	253,097	143,174
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(396,271)	(396,271)	(253,097)	143,174
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	635,062	635,062
TOTAL OTHER FINANCING SOURCES (USES)	-	-	635,062	635,062
Net Change in Fund Balance	(396,271)	(396,271)	381,965	778,236
FUND BALANCE - BEGINNING	396,271	396,271	396,271	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 778,236</u>	<u>\$ 778,236</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 1,100,000	\$ 1,100,000	\$ 688,202	\$ (411,798)
Intergovernmental	15,000	15,000	-	(15,000)
Miscellaneous	1,000	1,000	922	(78)
TOTAL RECEIPTS	1,116,000	1,116,000	689,124	(426,876)
DISBURSEMENTS	1,368,933	1,368,933	53,662	1,315,271
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(252,933)	(252,933)	635,462	888,395
OTHER FINANCING SOURCES (USES)				
Transfers out	(800,000)	(800,000)	(800,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(800,000)	(800,000)	(800,000)	-
Net Change in Fund Balance	(1,052,933)	(1,052,933)	(164,538)	888,395
FUND BALANCE - BEGINNING	1,314,254	1,314,254	1,314,254	-
FUND BALANCE - ENDING	<u>\$ 261,321</u>	<u>\$ 261,321</u>	<u>\$ 1,149,716</u>	<u>\$ 888,395</u>

ADAMS COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2010

BUDGETARY COMPARISON SCHEDULES

GAAP Requirements

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

Budgetary Process

The County adopts an annual budget in accordance with the statutory requirements of the Nebraska Budget Act. The budget is prepared on the cash receipts and disbursements basis of accounting. The budget contains only those 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, 2010

	Vistors Promotion Fund	County Insurance Fund	Medical Relief Fund	Veterans' Aid Fund	Library Fund
RECEIPTS					
Property Taxes	\$ 105,557	\$ -	\$ -	\$ -	\$ 135,161
Intergovernmental	-	-	8	1	9,029
Charges for Services	-	-	-	-	-
Miscellaneous	84	2,029	-	-	-
TOTAL RECEIPTS	<u>105,641</u>	<u>2,029</u>	<u>8</u>	<u>1</u>	<u>144,190</u>
DISBURSEMENTS					
General Government	-	89,601	-	-	-
Public Safety	-	-	-	-	-
Public Assistance	-	-	-	3,100	-
Culture and Recreation	100,043	-	-	-	142,290
TOTAL DISBURSEMENTS	<u>100,043</u>	<u>89,601</u>	<u>-</u>	<u>3,100</u>	<u>142,290</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>5,598</u>	<u>(87,572)</u>	<u>8</u>	<u>(3,099)</u>	<u>1,900</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	61,355	-	3,100	-
Transfers out	(319)	-	(24)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(319)</u>	<u>61,355</u>	<u>(24)</u>	<u>3,100</u>	<u>-</u>
Net Change in Fund Balances	5,279	(26,217)	(16)	1	1,900
FUND BALANCES - BEGINNING	<u>47,992</u>	<u>43,027</u>	<u>16</u>	<u>-</u>	<u>45,622</u>
FUND BALANCES - ENDING	<u>\$ 53,271</u>	<u>\$ 16,810</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 47,522</u>

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

For the Year Ended June 30, 2010

	Drug Law Enforcement Fund	Courthouse Bond Fund	Courthouse Building Fund	911 Emergency Services Fund	Noxious Weed Control Fund	Total Nonmajor Governmental Funds
RECEIPTS						
Property Taxes	\$ -	\$ -	\$ -	\$ 104,275	\$ -	\$ 344,993
Intergovernmental	-	-	-	-	-	9,038
Charges for Services	-	-	22,748	-	11,203	33,951
Miscellaneous	-	-	-	-	-	2,113
TOTAL RECEIPTS	<u>-</u>	<u>-</u>	<u>22,748</u>	<u>104,275</u>	<u>11,203</u>	<u>390,095</u>
DISBURSEMENTS						
General Government	-	-	-	-	-	89,601
Public Safety	-	-	-	99,815	-	99,815
Public Assistance	-	-	-	-	-	3,100
Culture and Recreation	-	-	-	-	-	242,333
TOTAL DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,815</u>	<u>-</u>	<u>434,849</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>22,748</u>	<u>4,460</u>	<u>11,203</u>	<u>(44,754)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	64,455
Transfers out	-	(322)	(22,748)	-	(11,203)	(34,616)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(322)</u>	<u>(22,748)</u>	<u>-</u>	<u>(11,203)</u>	<u>29,839</u>
Net Change in Fund Balances	-	(322)	-	4,460	-	(14,915)
FUND BALANCES - BEGINNING	<u>373</u>	<u>322</u>	<u>-</u>	<u>48,210</u>	<u>-</u>	<u>185,562</u>
FUND BALANCES - ENDING	<u>\$ 373</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,670</u>	<u>\$ -</u>	<u>\$ 170,647</u>

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>VISTORS PROMOTION FUND</u>				
RECEIPTS				
Taxes	\$ 90,000	\$ 90,000	\$ 105,557	\$ 15,557
Miscellaneous	-	-	84	84
TOTAL RECEIPTS	<u>90,000</u>	<u>90,000</u>	<u>105,641</u>	<u>15,641</u>
DISBURSEMENTS	<u>129,295</u>	<u>129,295</u>	<u>100,043</u>	<u>29,252</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(319)	(319)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(319)</u>	<u>(319)</u>
Net Change in Fund Balance	(39,295)	(39,295)	5,279	44,574
FUND BALANCE - BEGINNING	47,992	47,992	47,992	-
FUND BALANCE - ENDING	<u>\$ 8,697</u>	<u>\$ 8,697</u>	<u>\$ 53,271</u>	<u>\$ 44,574</u>
<u>COUNTY INSURANCE FUND</u>				
RECEIPTS				
Miscellaneous	\$ 81,000	\$ 81,000	\$ 2,029	\$ (78,971)
TOTAL RECEIPTS	<u>81,000</u>	<u>81,000</u>	<u>2,029</u>	<u>(78,971)</u>
DISBURSEMENTS	<u>81,000</u>	<u>89,602</u>	<u>89,601</u>	<u>1</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	61,355	61,355
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>61,355</u>	<u>61,355</u>
Net Change in Fund Balance	-	(8,602)	(26,217)	(17,615)
FUND BALANCE - BEGINNING	43,027	43,027	43,027	-
FUND BALANCE - ENDING	<u>\$ 43,027</u>	<u>\$ 34,425</u>	<u>\$ 16,810</u>	<u>\$ (17,615)</u>

(Continued)

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
MEDICAL RELIEF FUND				
RECEIPTS				
Intergovernmental	\$ -	\$ -	\$ 8	\$ 8
TOTAL RECEIPTS	-	-	8	8
DISBURSEMENTS				
	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(24)	(24)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(24)	(24)
Net Change in Fund Balance	-	-	(16)	(16)
FUND BALANCE - BEGINNING	16	16	16	-
FUND BALANCE - ENDING	<u>\$ 16</u>	<u>\$ 16</u>	<u>\$ -</u>	<u>\$ (16)</u>
VETERANS' AID FUND				
RECEIPTS				
Intergovernmental	\$ -	\$ -	\$ 1	\$ 1
TOTAL RECEIPTS	-	-	1	1
DISBURSEMENTS				
	3,100	3,100	3,100	-
OTHER FINANCING SOURCES (USES)				
Transfers in	3,100	3,100	3,100	-
TOTAL OTHER FINANCING SOURCES (USES)	3,100	3,100	3,100	-
Net Change in Fund Balance	-	-	1	1
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>

(Continued)

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
LIBRARY FUND				
RECEIPTS				
Taxes	\$ 143,644	\$ 143,644	\$ 135,161	\$ (8,483)
Intergovernmental	8,214	8,214	9,029	815
TOTAL RECEIPTS	<u>151,858</u>	<u>151,858</u>	<u>144,190</u>	<u>(7,668)</u>
DISBURSEMENTS	<u>197,290</u>	<u>197,290</u>	<u>142,290</u>	<u>55,000</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(45,432)	(45,432)	1,900	47,332
FUND BALANCE - BEGINNING	45,622	45,622	45,622	-
FUND BALANCE - ENDING	<u>\$ 190</u>	<u>\$ 190</u>	<u>\$ 47,522</u>	<u>\$ 47,332</u>
DRUG LAW ENFORCEMENT FUND				
RECEIPTS				
Taxes	\$ -	\$ -	\$ -	\$ -
TOTAL RECEIPTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DISBURSEMENTS	<u>2,373</u>	<u>2,373</u>	<u>-</u>	<u>2,373</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(2,373)	(2,373)	-	2,373
FUND BALANCE - BEGINNING	373	373	373	-
FUND BALANCE - ENDING	<u>\$ (2,000)</u>	<u>\$ (2,000)</u>	<u>\$ 373</u>	<u>\$ 2,373</u>

(Continued)

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
COURTHOUSE BOND FUND				
RECEIPTS				
Taxes	\$ -	\$ -	\$ -	\$ -
TOTAL RECEIPTS	-	-	-	-
DISBURSEMENTS				
	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(322)	(322)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(322)	(322)
Net Change in Fund Balance	-	-	(322)	(322)
FUND BALANCE - BEGINNING	322	322	322	-
FUND BALANCE - ENDING	<u>\$ 322</u>	<u>\$ 322</u>	<u>\$ -</u>	<u>\$ (322)</u>
COURTHOUSE BUILDING FUND				
RECEIPTS				
Charges for Services	\$ -	\$ -	\$ 22,748	\$ 22,748
TOTAL RECEIPTS	-	-	22,748	22,748
DISBURSEMENTS				
	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(22,748)	(22,748)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(22,748)	(22,748)
Net Change in Fund Balance	-	-	-	-
FUND BALANCE - BEGINNING	-	-	-	-
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, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>911 EMERGENCY SERVICES FUND</u>				
RECEIPTS				
Taxes	\$ 105,000	\$ 105,000	\$ 104,275	\$ (725)
TOTAL RECEIPTS	<u>105,000</u>	<u>105,000</u>	<u>104,275</u>	<u>(725)</u>
DISBURSEMENTS	<u>157,000</u>	<u>157,000</u>	<u>99,815</u>	<u>57,185</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(52,000)	(52,000)	4,460	56,460
FUND BALANCE - BEGINNING	48,210	48,210	48,210	-
FUND BALANCE - ENDING	<u>\$ (3,790)</u>	<u>\$ (3,790)</u>	<u>\$ 52,670</u>	<u>\$ 56,460</u>
<u>NOXIOUS WEED CONTROL FUND</u>				
RECEIPTS				
Charges for Services	\$ -	\$ -	\$ 11,203	\$ 11,203
TOTAL RECEIPTS	<u>-</u>	<u>-</u>	<u>11,203</u>	<u>11,203</u>
DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(11,203)	(11,203)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(11,203)</u>	<u>(11,203)</u>
Net Change in Fund Balance	-	-	-	-
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Concluded)

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

	County Clerk	Register of Deeds	Clerk of the District Court	County Sheriff*	County Attorney	Weed Superin- tendent	Highway Superin- tendent	Veterans' Service Officer	County Planning and Zoning	Total
BALANCE JULY 1, 2009	\$ 607	\$ 22,022	\$ 267,938	\$ 85,432	\$ 7,147	\$ 3,283	\$ 16,601	\$ 3,619	\$ 25	\$ 406,674
RECEIPTS										
Property Taxes	-	-	-	1,695	-	-	-	-	-	1,695
Licenses and Permits	3,475	-	-	-	-	-	-	-	-	3,475
Intergovernmental	-	-	-	-	-	-	84,808	-	-	84,808
Charges for Services	7,053	129,761	115,548	293,313	-	12,854	1,703	-	20,908	581,140
Miscellaneous	-	-	-	249	-	-	63,042	-	-	63,291
State Fees	-	141,625	43,517	-	-	-	-	-	-	185,142
Other Liabilities	-	-	797,428	123,618	14,241	-	-	3,100	-	938,387
TOTAL RECEIPTS	10,528	271,386	956,493	418,875	14,241	12,854	149,553	3,100	20,908	1,857,938
DISBURSEMENTS										
Payments to County Treasurer	10,244	128,376	114,915	231,239	940	16,077	160,928	-	20,908	683,627
Payments to State Treasurer	-	132,391	42,814	1,377	-	-	-	-	-	176,582
Other Liabilities	-	-	684,929	199,010	9,860	-	-	3,393	-	897,192
TOTAL DISBURSEMENTS	10,244	260,767	842,658	431,626	10,800	16,077	160,928	3,393	20,908	1,757,401
BALANCE JUNE 30, 2010	<u>\$ 891</u>	<u>\$ 32,641</u>	<u>\$ 381,773</u>	<u>\$ 72,681</u>	<u>\$ 10,588</u>	<u>\$ 60</u>	<u>\$ 5,226</u>	<u>\$ 3,326</u>	<u>\$ 25</u>	<u>\$ 507,211</u>
BALANCE CONSISTS OF:										
Due to County Treasurer	\$ 891	\$ 13,693	\$ 4,850	\$ 61,000	\$ 3,166	\$ 35	\$ 5,026	\$ -	\$ -	\$ 88,661
Petty Cash	-	-	-	9,053	115	25	200	-	25	9,418
Due to State Treasurer	-	18,948	4,366	-	-	-	-	-	-	23,314
Due to Others	-	-	372,557	2,628	7,307	-	-	3,326	-	385,818
BALANCE JUNE 30, 2010	<u>\$ 891</u>	<u>\$ 32,641</u>	<u>\$ 381,773</u>	<u>\$ 72,681</u>	<u>\$ 10,588</u>	<u>\$ 60</u>	<u>\$ 5,226</u>	<u>\$ 3,326</u>	<u>\$ 25</u>	<u>\$ 507,211</u>

*Beginning balance was increased by \$2,088 due to civil process advanced fee activity & other audit adjustment.

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

Item	2005	2006	2007	2008	2009
Tax Certified by Assessor					
Real Estate	\$ 31,911,400	\$ 33,197,316	\$ 33,175,945	\$ 34,629,943	\$ 36,297,703
Personal and Specials	2,011,583	2,034,739	2,202,187	2,184,490	2,426,897
Total	<u>33,922,983</u>	<u>35,232,055</u>	<u>35,378,132</u>	<u>36,814,433</u>	<u>38,724,600</u>
Corrections					
Additions	49,611	45,186	21,976	16,436	203,399
Deductions	<u>(132,141)</u>	<u>(96,033)</u>	<u>(16,595)</u>	<u>(9,952)</u>	<u>(23,057)</u>
Net Additions/ (Deductions)	<u>(82,530)</u>	<u>(50,847)</u>	<u>5,381</u>	<u>6,484</u>	<u>180,342</u>
Corrected Certified Tax	<u>33,840,453</u>	<u>35,181,208</u>	<u>35,383,513</u>	<u>36,820,917</u>	<u>38,904,942</u>
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2006	19,673,529				
June 30, 2007	14,088,332	20,671,367			
June 30, 2008	18,351	14,424,932	20,452,926		
June 30, 2009	23,276	31,687	14,863,646	21,397,426	
June 30, 2010	<u>7,204</u>	<u>15,551</u>	<u>24,502</u>	<u>15,277,472</u>	<u>22,811,081</u>
Total Net Collections	<u>33,810,692</u>	<u>35,143,537</u>	<u>35,341,074</u>	<u>36,674,898</u>	<u>22,811,081</u>
Total Uncollected Tax	<u>\$ 29,761</u>	<u>\$ 37,671</u>	<u>\$ 42,439</u>	<u>\$ 146,019</u>	<u>\$ 16,093,861</u>
Percentage Uncollected Tax	<u>0.09%</u>	<u>0.11%</u>	<u>0.12%</u>	<u>0.40%</u>	<u>41.37%</u>



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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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, 2010, and have issued our report thereon dated September 21, 2010. 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 (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Adams 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 would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Adams County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain matters that we reported to management of Adams County in a separate letter dated September 21, 2010.

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 21, 2010

Deann Haeffner, CPA
Assistant Deputy Auditor



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September 21, 2010

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, 2010, and have issued our report thereon dated September 21, 2010. 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

Credit Cards

A good internal control plan requires adequate original invoices or other similar supporting documentation to support all credit card purchases and adequate independent monitoring and review of credit card purchases for reasonableness and accuracy of charges and payments.

During the fiscal year ended June 30, 2010, Adams County began to use a credit card program with 20 cards issued to various County departments. The use of credit cards was intended to improve the efficiency and cost-effectiveness of some of the County's purchasing processes. Individual departments are responsible for submitting claims, along with supporting documentation, for their credit card purchases to the office of the County Clerk. Two of 22 submitted claims tested did not have adequate supporting documentation provided by the County departments and 5 of 19 individual credit card purchases tested, totaling \$1,036, were not reasonable due to issues such as the lack of itemized receipts, receipts which did not agree to credit card charges, duplicate payments, and advanced payments.

Without complete and accurate purchase documentation and payment procedures there is an increased risk for fraud, abuse, or misuse of the County's credit cards.

We recommend the County Board review its overall credit card policies and procedures including internal control considerations, such as oversight, monitoring, and account reconciliation procedures, and implement procedures adequate to ensure proper credit card use, documentation, and subsequent account payment.

Claims

Good internal control requires the County Board approval of claims be documented by County Board signatures on the individual claims and/or claim registers.

Two of 30 claims tested had not been signed.

When there is no documentation of the County Board's approval, there is an increased risk that Adams County funds are being paid out inappropriately without proper County Board approval.

We recommend the County Board ensure all claims are signed and approved by the County Board, that this approval is documented and implement claim auditing procedures to ensure all claims paid agree to supporting documentation.

COUNTY TREASURER

Deposit Coverage

Neb. Rev. Stat § 77-2395 (Reissue 2009) states “the custodial official shall not have on deposit in such depository any public money or public funds in excess of the amount insured by the Federal Deposit Insurance Corporation, 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.”

During our audit we noted six days in May 2010 during which the County Treasurer did not have adequate pledged securities to fully secure bank deposits. The uncollateralized deposits ranged from \$946,801 to \$3,143,377.

When deposits are not fully secured at all times, there is an increased risk of loss should financial institutions holding County deposits fail.

We recommend the County Treasurer implement procedures to ensure deposits are adequately collateralized at all times.

COUNTY SHERIFF

Sheriff Accounting Procedures

Neb. Rev. Stat. § 33-117(3) (Reissue 2008) 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....” Neb. Rev. Stat. § 23-1601(1) (Reissue 2007) states, in part, “...it is the duty of the county treasurer to receive all money belonging to the county, from whatsoever source derived and by any method of payment provided by 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....” 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. 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:

- The County Sheriff did not remit all fees and mileage earned to the County Treasurer but instead remitted only those monies collected.
- 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, \$24 in excess of the \$165 in bills was maintained in the change box.

- Testing of petty cash reimbursements noted 9 of 10 claims tested for the revolving account did not have detailed supporting documentation.
- Food and revolving accounts are not maintained at an authorized amount.
- Excess balances were retained in the following accounts as of June 30, 2010:
 - Special Deposits \$ 5
 - Distress Warrants \$ 6
 - Mileage \$ 27
 - Child Support \$ 858
 - Commissary \$ 4,178
 - Intoxilizer \$ 4,720
 - Fees \$ 12,479

These issues were also noted in the prior audit.

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. 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 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. We recommend the County Sheriff remit all fees earned to the County Treasurer on, at a minimum, a quarterly basis. We further 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.

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, 2010, the \$6,296 in the County Attorney's Trust account could not be accounted for as to whom the funds were owed and the account's beginning book balance was overstated by \$10 due to an uncorrected bookkeeping error made in August 2002.
- 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.
- Checks are not consistently restrictively endorsed immediately upon receipt.
- Receipts are not deposited in a timely manner.
- The "Check Reimbursement" account ending book balance was understated by \$374 due to a bookkeeping error made in January 2010; \$379 in bank service fees charged to the account have not been claimed to Adams County since at least February 2007; the account had a negative book balance at various times throughout the fiscal year; and the total deposited into the account during the fiscal year exceeded the total received by \$14.
- \$229 in bank service fees charged to the "Trust" account have not been claimed to Adams County since at least October 2008.
- 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 submitted during the fiscal year ended June 30, 2010.
- The "Law Library," "Child & Family Support," and "Drug Law" accounts, with combined balances totaling \$3,006, have been dormant with no activity for several years.

Many of these issues were also noted in the prior audit.

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.

Unclaimed Property

Neb. Rev. Stat. § 69-1310 (Reissue 2009), 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, 2010, 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.

This issue was also noted in the prior audit.

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.

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. The County declined to respond.

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