

**AUDIT REPORT
OF
ADAMS COUNTY**

JULY 1, 2013, THROUGH JUNE 30, 2014

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the Auditor of Public Accounts.**

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Issued on January 5, 2015

ADAMS COUNTY

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ADAMS COUNTY

LIST OF COUNTY OFFICIALS

At June 30, 2014

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dale Curtis	Board of Supervisors	Jan. 2015
Jack Hynes		Jan. 2015
Charles Neumann		Jan. 2017
Eldon Orthmann		Jan. 2015
Lee Saathoff		Jan. 2015
Scott Thomsen		Jan. 2017
Mike Weeks		Jan. 2017
Diane Hynes	Assessor	Jan. 2015
Donna Fegler Daiss	Attorney	Jan. 2015
Ramona Thomas	Clerk Election Commissioner	Jan. 2015
Jan Johnson	Register of Deeds	Jan. 2015
Chrystine Setlik	Clerk of the District Court	Jan. 2015
Gregg Magee	Sheriff	Jan. 2015
Beverly Davis	Treasurer	Jan. 2015
Chris Long	Veterans' Service Officer	Appointed
Eric Walston	Weed Superintendent	Appointed
Dawn Miller	Highway Superintendent	Appointed
Judy Mignery	Planning & Zoning	Appointed



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ADAMS COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Adams County, Nebraska

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Adams County, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and aggregate remaining fund information of Adams County as of June 30, 2014, and the respective changes in cash-basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Report on Supplementary Information

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

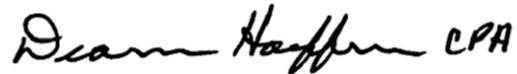
The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, Pages 22 - 31, is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Basis of Accounting

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 2, 2015, 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 considering Adams County's internal control over financial reporting and compliance.



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

January 2, 2015

ADAMS COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2014

		Governmental Activities
ASSETS		
Cash and Cash Equivalents (Note 1.D)	\$	4,771,161
Investments (Note 1.D)		1,128,697
TOTAL ASSETS	\$	5,899,858
NET POSITION		
Restricted for:		
Visitor Promotion	\$	82,853
911 Emergency Services		229,856
Drug Education		373
Preservation of Records		27,626
Unrestricted		5,559,150
TOTAL NET POSITION	\$	5,899,858

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, 2014

Functions:	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ (5,483,242)	\$ 831,613	\$ 83,711	\$ (4,567,918)
Public Safety	(4,685,599)	271,931	497,392	(3,916,276)
Public Works	(4,048,199)	-	1,876,339	(2,171,860)
Public Assistance	(349,289)	-	-	(349,289)
Culture and Recreation	(352,475)	-	-	(352,475)
Debt Payments	(484,508)	-	-	(484,508)
Total Governmental Activities	<u>\$(15,403,312)</u>	<u>\$ 1,103,544</u>	<u>\$ 2,457,442</u>	<u>(11,842,326)</u>

General Receipts:	
Property Taxes	10,401,000
Grants and Contributions Not Restricted to Specific Programs	1,032,272
Investment Income	16,172
Licenses and Permits	145,111
Bond Proceeds	943,825
Miscellaneous	304,538
Total General Receipts	<u>12,842,918</u>
Increase in Net Position	1,000,592
Net Position - Beginning of year	4,899,266
Net Position - End of year	<u>\$ 5,899,858</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, 2014

	<u>General Fund</u>	<u>Inheritance Fund</u>	<u>Escrow Holding Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents (Note 1.D)	\$ 1,771,744	\$ 630,336	\$ 1,485,314	\$ 883,767	\$ 4,771,161
Investments (Note 1.D)	-	1,128,697	-	-	1,128,697
TOTAL ASSETS	<u>\$ 1,771,744</u>	<u>\$ 1,759,033</u>	<u>\$ 1,485,314</u>	<u>\$ 883,767</u>	<u>\$ 5,899,858</u>
FUND BALANCES					
Restricted for:					
Visitor Promotion	-	-	-	82,853	82,853
911 Emergency Services	-	-	-	229,856	229,856
Drug Education	-	-	-	373	373
Preservation of Records	-	-	-	27,626	27,626
Committed to:					
Library Services	-	-	-	42,659	42,659
Road Maintenance	-	-	1,080,126	471,066	1,551,192
Aid and Assistance	-	-	-	1	1
County Buildings	-	-	26,500	-	26,500
Self Insurance	-	-	-	29,333	29,333
Law Enforcement	-	-	378,688	-	378,688
Assigned to:					
Other Purposes	-	1,759,033	-	-	1,759,033
Unassigned	1,771,744	-	-	-	1,771,744
TOTAL CASH BASIS FUND BALANCES	<u>\$ 1,771,744</u>	<u>\$ 1,759,033</u>	<u>\$ 1,485,314</u>	<u>\$ 883,767</u>	<u>\$ 5,899,858</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, 2014

	General Fund	Inheritance Fund	Escrow Holding Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Property Taxes	\$ 9,070,330	\$ 988,011	\$ -	\$ 342,659	\$ 10,401,000
Licenses and Permits	145,111	-	-	-	145,111
Interest	16,172	-	-	-	16,172
Intergovernmental	3,413,454	-	-	76,260	3,489,714
Charges for Services	1,085,219	-	-	18,325	1,103,544
Miscellaneous	292,177	1,191	-	954,995	1,248,363
TOTAL RECEIPTS	<u>14,022,463</u>	<u>989,202</u>	<u>-</u>	<u>1,392,239</u>	<u>16,403,904</u>
DISBURSEMENTS					
General Government	4,651,354	2,850	827,719	1,319	5,483,242
Public Safety	4,590,075	-	-	95,524	4,685,599
Public Works	3,575,440	-	-	472,759	4,048,199
Public Assistance	345,395	-	-	3,894	349,289
Culture and Recreation	-	36,062	-	316,413	352,475
Debt Service:					
Principal Payments	-	-	-	385,450	385,450
Interest and Fiscal Charges	-	-	-	99,058	99,058
TOTAL DISBURSEMENTS	<u>13,162,264</u>	<u>38,912</u>	<u>827,719</u>	<u>1,374,417</u>	<u>15,403,312</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>860,199</u>	<u>950,290</u>	<u>(827,719)</u>	<u>17,822</u>	<u>1,000,592</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,000,000	-	1,214,951	552,937	2,767,888
Transfers out	(1,699,459)	(1,003,891)	-	(64,538)	(2,767,888)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(699,459)</u>	<u>(1,003,891)</u>	<u>1,214,951</u>	<u>488,399</u>	<u>-</u>
Net Change in Fund Balances	160,740	(53,601)	387,232	506,221	1,000,592
CASH BASIS FUND BALANCES - BEGINNING					
	<u>1,611,004</u>	<u>1,812,634</u>	<u>1,098,082</u>	<u>377,546</u>	<u>4,899,266</u>
CASH BASIS FUND BALANCES - ENDING					
	<u>\$ 1,771,744</u>	<u>\$ 1,759,033</u>	<u>\$ 1,485,314</u>	<u>\$ 883,767</u>	<u>\$ 5,899,858</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, 2014

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 3,209,884
Investments	763,385
TOTAL ASSETS	3,973,269
 LIABILITIES	
Due to other governments	
State	536,881
Schools	2,069,383
Educational Service Units	6,691
Technical College	40,991
Natural Resource Districts	10,338
Fire Districts	3,757
Municipalities	221,591
Agricultural Society	6,875
Townships	59,644
Sanitary and Improvement Districts	297,489
Others	719,629
TOTAL LIABILITIES	3,973,269
 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, 2014

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

As required by Generally Accepted Accounting Principles (GAAP), these financial statements present the County (the primary government). No component units were identified.

Joint Organization.

Behavioral Health Region III – The County has entered into an agreement with surrounding counties and the Nebraska Department of Health and Human Services to provide services to carry out the provisions of the Nebraska Behavioral Health Services Act (Act). Agreements were established under the authority of the Interlocal Cooperation Act for services to be provided under the Act. Region III (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 \$104,852 toward the operation of the Region during fiscal year 2014.

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 Department of Health and Human Services requires the Region to be audited annually in accordance with State statute. Financial information for the Region is available in those audit reports.

Health Department – The County has entered into an agreement with South Heartland District Health Department (Department) to provide public health services. The agreement was established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636 (Reissue 2009, Cum. Supp. 2014).

The Department's governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$2,300 toward the operation of the Department during fiscal year 2014. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Reissue 2014). Financial information for the Department is available in that report.

B. Basis of Presentation

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

The statement of activities demonstrates the degree to which the direct disbursement of a given function or segment is offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include: 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 County Board is the highest level of decision-making authority and has the authority, by resolution, to establish, modify, or rescind the commitment or assignment of a fund balance to a specific purpose. When resources for a specific purpose are available in more than one fund balance classification, the County's policy is to use resources in the following order: restricted, committed, assigned, and unassigned. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds.

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.

Escrow Fund. This fund is used to account for activity related to budgeting contracted commitments at the end of the fiscal year of the County.

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

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

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

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

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

The County designates fund balances as follows:

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

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

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

C. Measurement Focus, Basis of Accounting

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

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

D. Assets and Net Position

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

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

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

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

Restricted Net Position. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$340,708 of restricted net position, which is all restricted by enabling legislation.

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

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

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

Excess of Disbursements Over Appropriations. For the year ended June 30, 2014, disbursements exceeded budgeted appropriations in the Highway Bond Fund by \$450. These over-expenditures were funded by a transfer from the General Fund.

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 \$4,771,161 for County funds and \$3,209,884 for fiduciary funds. The bank balances for all funds totaled \$7,174,008. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2014, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

The County's carrying value of investments is stated at cost, which approximates market. Investments consisted of \$12,533 in U.S. Government Securities and of \$1,116,164 deposited in the Nebraska Public Agency Investment Trust (NPAIT). The County also held deposits in NPAIT of \$763,385 for fiduciary funds. NPAIT is a public entity investment pool operated under the direction of a seven-member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income that has accrued to each participant is converted as of the close of business of each calendar month into additional units, which thereafter are held in each participant's trust account. Since net income of the fund is allocated among participants each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name. 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 they become delinquent in two equal installments on May 1 and September 1. Motor vehicle taxes are due when application is made for registration of a motor vehicle.

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

The levy set in October 2013, for the 2013 taxes, which will be materially collected in May and September 2014, was set at \$.308075/\$100 of assessed valuation. The levy set in October 2012, for the 2012 taxes, which were materially collected in May and September 2013, was set at \$.31911/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

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

4. **Retirement System**

The Retirement System for Nebraska Counties (the Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2012, Supp. 2013, Cum Supp. 2014) and may be amended through legislative action.

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

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

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

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, 2014, 175 employees contributed \$243,753, and the County contributed \$361,020. Contributions included \$9,216 in cash contributions towards the supplemental law enforcement plan for 18 law enforcement employees. Lastly, the County paid \$781 directly to eight retired employees for prior service benefits.

5. **Risk Management**

The County is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association (NIRMA), a public entity risk pool currently operating as a common risk management and insurance program for 79 counties throughout Nebraska.

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

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

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

5. Risk Management (Concluded)

	<u>NIRMA Coverage</u>	<u>Maximum Coverage</u>
General Liability Claim	\$ 300,000	\$ 5,000,000
Workers' 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 2015. 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, 2014, consisted of the following:

<u>Transfers to</u>	<u>General Fund</u>	<u>Inheritance Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Escrow Holding Fund	\$ 1,214,951	\$ -	\$ -	\$ 1,214,951
General Fund	-	1,000,000	-	1,000,000
Nonmajor Funds	484,508	3,891	64,538	552,937
Total	<u>\$ 1,699,459</u>	<u>\$ 1,003,891</u>	<u>\$ 64,538</u>	<u>\$ 2,767,888</u>

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

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

7. **Capital Leases Payable**

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

	2012 Chevrolet Equinox
Balance July 1, 2013	\$ 13,512
Purchases	
Payments	4,631
Balance June 30, 2014	<u>\$ 8,881</u>
Future Payments:	
Year	
2015	\$ 4,632
2016	4,631
Total Payments	<u>9,263</u>
Less Interest	382
Present Value of Future Minimum Lease Payments	<u>\$ 8,881</u>
Carrying Value of the Related Fixed Asset	<u>\$ 23,693</u>

8. **Long-Term Debt**

Construction Bonds. The County issued bonds on May 12, 2011, in the amount of \$4,200,000 to pay the construction costs of certain streets, highways, and roads within Adams County. The bond payable balance, as of June 30, 2014, was \$3,430,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. The County plans to use the future highway allocation receipts to pay off the bonds. Principal and interest payments are due December 15 and June 15. Interest rates range from .85% to 3.70%.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

8. **Long-Term Debt** (Continued)

Future Payments:

Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 390,000	\$ 93,725	\$ 483,725
2016	400,000	86,803	486,803
2017	410,000	78,085	488,085
2018	420,000	67,598	487,598
2019	430,000	55,370	485,370
2020-2022	1,380,000	75,886	1,455,886
Total Payments	<u>\$ 3,430,000</u>	<u>\$ 457,467</u>	<u>\$ 3,887,467</u>

Bank Loan. On August 24, 2011, the County took out a \$370,000 loan from Adams County Bank for the purchase of real property at 601 South Rhode Island, in Hastings, Nebraska, to be used for County warehouse and storage space. The loan is at a 3% interest rate with five annual payments of \$81,044 beginning October 1, 2012, and ending October 1, 2016.

Future Payments:

Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 74,167	\$ 6,877	\$ 81,044
2016	76,392	4,652	81,044
2017	78,676	2,367	81,043
Total Payments	<u>\$ 229,235</u>	<u>\$ 13,896</u>	<u>\$ 243,131</u>

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

8. Long-Term Debt (Concluded)

Road Improvement Bonds. The County issued the following road improvement bonds: Series 2014A on January 8, 2014, in the amount of \$950,000; Series 2014B on July 30, 2014, in the amount of \$975,000; and Series 2014 on November 3, 2014, in the amount of \$2,530,000 for the purpose of paying off both the Series 2014A and 2014B bonds and the construction costs of certain streets, highways, and roads within Adams County. The bond payable balance, as of June 30, 2014, was \$950,000. With the subsequent bond issues, however, the payable balance becomes \$2,530,000 in November 2014. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. The County plans to use the future highway allocation receipts to pay off the bonds. Principal and interest payments are due December 15 and June 15. Interest rates range from .45% to 1.40%.

Future Payments:

Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ -	\$ 14,257	\$ 14,257
2016	500,000	21,995	521,995
2017	500,000	19,245	519,245
2018	505,000	15,347	520,347
2019	510,000	10,143	520,143
2020	515,000	3,605	518,605
Total Payments	<u>\$ 2,530,000</u>	<u>\$ 84,592</u>	<u>\$ 2,614,592</u>

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 9,581,762	\$ 9,581,762	\$ 9,070,330	\$ (511,432)
Licenses and Permits	148,050	148,050	145,111	(2,939)
Interest	18,000	18,000	16,172	(1,828)
Intergovernmental	2,981,005	2,981,005	3,413,454	432,449
Charges for Services	1,151,762	1,151,762	1,085,219	(66,543)
Miscellaneous	163,724	163,724	292,177	128,453
TOTAL RECEIPTS	<u>14,044,303</u>	<u>14,044,303</u>	<u>14,022,463</u>	<u>(21,840)</u>
DISBURSEMENTS				
General Government:				
County Board	231,771	231,771	214,899	16,872
County Clerk	269,192	269,192	247,009	22,183
County Treasurer	471,613	471,613	429,080	42,533
Register of Deeds	221,012	221,012	220,304	708
County Assessor	467,996	467,996	463,855	4,141
Building and Zoning	61,933	61,933	57,136	4,797
Clerk of the District Court	416,391	416,391	376,550	39,841
County Court System	300,875	300,875	298,626	2,249
District Judge	42,520	42,520	41,776	744
Public Defender	635,922	684,638	684,638	-
Building and Grounds	492,795	492,795	485,309	7,486
Microfilm	19,217	19,217	14,393	4,824
Agricultural Extension Agent	142,284	142,284	129,578	12,706
Data Processing	219,161	219,161	218,258	903
Miscellaneous	966,781	918,065	769,943	148,122
Public Safety				
County Sheriff	1,795,694	1,795,694	1,572,687	223,007
County Attorney	840,554	840,554	834,637	5,917
Communication Center	76,887	76,887	68,735	8,152
County Jail	2,078,669	2,078,669	1,793,066	285,603
Emergency Management	146,757	146,757	139,290	7,467
Adult Probation	74,903	74,903	73,952	951
Juvenile Probation	5,148	5,148	5,148	-
Emergency Protective Service	62,500	62,500	62,500	-
Miscellaneous	135,489	135,489	40,060	95,429

(Continued)

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
DISBURSEMENTS (Continued)				
Public Works				
County Surveyor	25,461	25,461	20,324	5,137
Noxious Weed Control	77,982	77,982	65,403	12,579
Highway Department	4,694,536	4,694,536	3,489,713	1,204,823
Public Assistance				
Veterans' Service Officer	152,627	152,627	148,734	3,893
Relief Medical	45,000	45,000	24,038	20,962
Miscellaneous	249,579	249,579	172,623	76,956
TOTAL DISBURSEMENTS	<u>15,421,249</u>	<u>15,421,249</u>	<u>13,162,264</u>	<u>2,258,985</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS				
	<u>(1,376,946)</u>	<u>(1,376,946)</u>	<u>860,199</u>	<u>2,237,145</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,000,000	1,000,000	1,000,000	-
Transfers out	(484,058)	(484,058)	(1,699,459)	(1,215,401)
TOTAL OTHER FINANCING SOURCES (USES)	<u>515,942</u>	<u>515,942</u>	<u>(699,459)</u>	<u>(1,215,401)</u>
Net Change in Fund Balance	(861,004)	(861,004)	160,740	1,021,744
FUND BALANCE - BEGINNING	<u>1,611,004</u>	<u>1,611,004</u>	<u>1,611,004</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 750,000</u>	<u>\$ 750,000</u>	<u>\$ 1,771,744</u>	<u>\$ 1,021,744</u>

(Concluded)

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 700,000	\$ 700,000	\$ 988,011	\$ 288,011
Miscellaneous	500	500	1,191	691
TOTAL RECEIPTS	<u>700,500</u>	<u>700,500</u>	<u>989,202</u>	<u>288,702</u>
DISBURSEMENTS	<u>1,509,243</u>	<u>1,509,243</u>	<u>38,912</u>	<u>1,470,331</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(808,743)</u>	<u>(808,743)</u>	<u>950,290</u>	<u>1,759,033</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(1,003,891)	(1,003,891)	(1,003,891)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,003,891)</u>	<u>(1,003,891)</u>	<u>(1,003,891)</u>	<u>-</u>
Net Change in Fund Balance	(1,812,634)	(1,812,634)	(53,601)	1,759,033
FUND BALANCE - BEGINNING	1,812,634	1,812,634	1,812,634	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,759,033</u>	<u>\$ 1,759,033</u>
ESCROW HOLDING FUND				
RECEIPTS				
TOTAL RECEIPTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DISBURSEMENTS	<u>1,098,082</u>	<u>1,098,082</u>	<u>827,719</u>	<u>270,363</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(1,098,082)</u>	<u>(1,098,082)</u>	<u>(827,719)</u>	<u>270,363</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	1,214,951	1,214,951
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>1,214,951</u>	<u>1,214,951</u>
Net Change in Fund Balance	(1,098,082)	(1,098,082)	387,232	1,485,314
FUND BALANCE - BEGINNING	1,098,082	1,098,082	1,098,082	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,485,314</u>	<u>\$ 1,485,314</u>

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VISITOR PROMOTION FUND				
Receipts	\$ 103,500	\$ 103,500	\$ 106,185	\$ 2,685
Disbursements	134,522	134,522	126,896	7,626
Net Change in Fund Balance	(31,022)	(31,022)	(20,711)	10,311
Fund Balance - Beginning	31,022	31,022	31,022	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,311</u>	<u>\$ 10,311</u>
VISITOR IMPROVEMENT FUND				
Receipts	\$ 50,493	\$ 50,493	\$ 53,092	\$ 2,599
Disbursements	109,970	109,970	40,027	69,943
Net Change in Fund Balance	(59,477)	(59,477)	13,065	72,542
Fund Balance - Beginning	59,477	59,477	59,477	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,542</u>	<u>\$ 72,542</u>
REGISTER OF DEEDS PRESERVATION FUND				
Receipts	\$ 21,000	\$ 21,000	\$ 18,325	\$ (2,675)
Disbursements	30,301	30,301	-	30,301
Net Change in Fund Balance	(9,301)	(9,301)	18,325	27,626
Fund Balance - Beginning	9,301	9,301	9,301	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,626</u>	<u>\$ 27,626</u>
HEALTH FUND				
Receipts	\$ -	\$ -	\$ 11,170	\$ 11,170
Disbursements	19,482	19,482	1,319	18,163
Net Change in Fund Balance	(19,482)	(19,482)	9,851	29,333
Fund Balance - Beginning	19,482	19,482	19,482	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,333</u>	<u>\$ 29,333</u>
VETERANS' RELIEF FUND				
Receipts	\$ -	\$ -	\$ 1	\$ 1
Disbursements	3,894	3,894	3,894	-
Transfers in	3,891	3,891	3,891	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(3)	(3)	(2)	1
Fund Balance - Beginning	3	3	3	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
LIBRARY FUND				
Receipts	\$ 155,257	\$ 155,257	\$ 115,576	\$ (39,681)
Disbursements	155,490	155,490	149,490	6,000
Transfers in	-	-	64,538	64,538
Transfers out	(7,462)	(7,462)	-	7,462
Net Change in Fund Balance	(7,695)	(7,695)	30,624	38,319
Fund Balance - Beginning	7,695	7,695	7,695	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,319</u>	<u>\$ 38,319</u>
BOOKMOBILE FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	76,340	76,340	-	76,340
Transfers in	7,462	7,462	-	(7,462)
Transfers out	-	-	(64,538)	(64,538)
Net Change in Fund Balance	(68,878)	(68,878)	(64,538)	4,340
Fund Balance - Beginning	68,878	68,878	68,878	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,340</u>	<u>\$ 4,340</u>
DRUG EDUCATION FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	373	373	-	373
Net Change in Fund Balance	(373)	(373)	-	373
Fund Balance - Beginning	373	373	373	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 373</u>	<u>\$ 373</u>
RURAL ROAD IMPROVEMENT FUND				
Receipts	\$ 3,000,000	\$ 3,000,000	\$ 943,825	\$ (2,056,175)
Disbursements	3,000,000	3,000,000	472,759	2,527,241
Net Change in Fund Balance	-	-	471,066	471,066
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 471,066</u>	<u>\$ 471,066</u>

(Continued)

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
HIGHWAY BOND FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	484,058	484,058	484,508	(450)
Transfers in	484,058	484,058	484,508	450
Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
911 EMERGENCY SERVICES FUND				
Receipts	\$ 130,000	\$ 130,000	\$ 144,065	\$ 14,065
Disbursements	311,315	311,315	95,524	215,791
Net Change in Fund Balance	(181,315)	(181,315)	48,541	229,856
Fund Balance - Beginning	181,315	181,315	181,315	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 229,856</u>	<u>\$ 229,856</u>

(Concluded)

ADAMS COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

	Visitor Promotion Fund	Visitor Improvement Fund	Register of Deeds Preservation Fund	Health Fund	Veterans' Relief Fund	Library Fund
RECEIPTS						
Property Taxes	\$ 106,185	\$ 53,092	\$ -	\$ -	\$ -	\$ 110,550
Intergovernmental	-	-	-	-	1	5,026
Charges for Services	-	-	18,325	-	-	-
Miscellaneous	-	-	-	11,170	-	-
TOTAL RECEIPTS	<u>106,185</u>	<u>53,092</u>	<u>18,325</u>	<u>11,170</u>	<u>1</u>	<u>115,576</u>
DISBURSEMENTS						
General Government	-	-	-	1,319	-	-
Public Safety	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Public Assistance	-	-	-	-	3,894	-
Culture and Recreation	126,896	40,027	-	-	-	149,490
Debt Service:						
Principal Payments	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>126,896</u>	<u>40,027</u>	<u>-</u>	<u>1,319</u>	<u>3,894</u>	<u>149,490</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(20,711)</u>	<u>13,065</u>	<u>18,325</u>	<u>9,851</u>	<u>(3,893)</u>	<u>(33,914)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	3,891	64,538
Transfers out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,891</u>	<u>64,538</u>
Net Change in Fund Balances	(20,711)	13,065	18,325	9,851	(2)	30,624
FUND BALANCES - BEGINNING	<u>31,022</u>	<u>59,477</u>	<u>9,301</u>	<u>19,482</u>	<u>3</u>	<u>7,695</u>
FUND BALANCES - ENDING	<u>\$ 10,311</u>	<u>\$ 72,542</u>	<u>\$ 27,626</u>	<u>\$ 29,333</u>	<u>\$ 1</u>	<u>\$ 38,319</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	10,311	72,542	-	-	-	-
911 Emergency Services	-	-	-	-	-	-
Drug Education	-	-	-	-	-	-
Law Enforcement	-	-	-	-	-	-
Preservation of Records	-	-	27,626	-	-	-
Debt Service	-	-	-	-	-	-
Committed to:						
Library Services	-	-	-	-	-	38,319
Road Maintenance	-	-	-	-	-	-
Aid and Assistance	-	-	-	-	1	-
County Buildings	-	-	-	-	-	-
Self Insurance	-	-	-	29,333	-	-
TOTAL FUND BALANCES	<u>\$ 10,311</u>	<u>\$ 72,542</u>	<u>\$ 27,626</u>	<u>\$ 29,333</u>	<u>\$ 1</u>	<u>\$ 38,319</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, 2014

	Bookmobile Fund	Drug Education Fund	Rural Road Improvement Fund	Highway Bond Fund	911 Emergency Services Fund	Total Nonmajor Governmental Funds
RECEIPTS						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 72,832	\$ 342,659
Intergovernmental	-	-	-	-	71,233	76,260
Charges for Services	-	-	-	-	-	18,325
Miscellaneous	-	-	943,825	-	-	954,995
TOTAL RECEIPTS	<u>-</u>	<u>-</u>	<u>943,825</u>	<u>-</u>	<u>144,065</u>	<u>1,392,239</u>
DISBURSEMENTS						
General Government	-	-	-	-	-	1,319
Public Safety	-	-	-	-	95,524	95,524
Public Works	-	-	472,759	-	-	472,759
Public Assistance	-	-	-	-	-	3,894
Culture and Recreation	-	-	-	-	-	316,413
Debt Service:						
Principal Payments	-	-	-	385,450	-	385,450
Interest and Fiscal Charges	-	-	-	99,058	-	99,058
TOTAL DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>472,759</u>	<u>484,508</u>	<u>95,524</u>	<u>1,374,417</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>471,066</u>	<u>(484,508)</u>	<u>48,541</u>	<u>17,822</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	484,508	-	552,937
Transfers out	(64,538)	-	-	-	-	(64,538)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(64,538)</u>	<u>-</u>	<u>-</u>	<u>484,508</u>	<u>-</u>	<u>488,399</u>
Net Change in Fund Balances	(64,538)	-	471,066	-	48,541	506,221
FUND BALANCES - BEGINNING	<u>68,878</u>	<u>373</u>	<u>-</u>	<u>-</u>	<u>181,315</u>	<u>377,546</u>
FUND BALANCES - ENDING	<u>\$ 4,340</u>	<u>\$ 373</u>	<u>\$ 471,066</u>	<u>\$ -</u>	<u>\$ 229,856</u>	<u>\$ 883,767</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	82,853
911 Emergency Services	-	-	-	-	229,856	229,856
Drug Education	-	373	-	-	-	373
Law Enforcement	-	-	-	-	-	-
Preservation of Records	-	-	-	-	-	27,626
Debt Service	-	-	-	-	-	-
Committed to:						
Library Services	4,340	-	-	-	-	42,659
Road Maintenance	-	-	471,066	-	-	471,066
Aid and Assistance	-	-	-	-	-	1
County Buildings	-	-	-	-	-	-
Self Insurance	-	-	-	-	-	29,333
TOTAL FUND BALANCES	<u>\$ 4,340</u>	<u>\$ 373</u>	<u>\$ 471,066</u>	<u>\$ -</u>	<u>\$ 229,856</u>	<u>\$ 883,767</u>

(Concluded)

ADAMS COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2014

	County Clerk	Register of Deeds	Clerk of the District Court	County Sheriff	County Attorney	Weed Superintendent	Highway Superintendent	Veterans' Service Officer	County Planning and Zoning	Total
BALANCES JULY 1, 2013	\$ 685	\$ 24,611	\$ 149,670	\$ 43,229	\$ 7,823	\$ 2,236	\$ 200	\$ 2,257	\$ 25	\$ 230,736
RECEIPTS										
Property Taxes	-	-	-	-	-	-	-	-	-	-
Licenses and Permits	3,300	-	-	2,105	-	-	-	-	19,982	25,387
Intergovernmental	-	-	-	-	-	-	126,104	3,894	19,085	149,083
Charges for Services	9,174	180,911	90,576	226,660	790	6,114	87,683	-	-	601,908
Miscellaneous	-	-	-	7,400	-	-	18,812	-	-	26,212
State Fees	-	196,229	49,121	-	-	-	-	-	-	245,350
Other Liabilities	-	-	2,321,338	252,728	15,502	-	-	-	-	2,589,568
TOTAL RECEIPTS	12,474	377,140	2,461,035	488,893	16,292	6,114	232,599	3,894	39,067	3,637,508
DISBURSEMENTS										
Payments to County Treasurer	1,782	180,151	89,295	215,780	780	8,178	232,599	-	39,067	767,632
Payments to State Treasurer	-	190,848	48,884	-	-	-	-	-	-	239,732
Other Liabilities	-	-	1,749,996	268,178	15,186	-	-	2,962	-	2,036,322
TOTAL DISBURSEMENTS	1,782	370,999	1,888,175	483,958	15,966	8,178	232,599	2,962	39,067	3,043,686
BALANCES JUNE 30, 2014	\$ 11,377	\$ 30,752	\$ 722,530	\$ 48,164	\$ 8,149	\$ 172	\$ 200	\$ 3,189	\$ 25	\$ 824,558
BALANCES CONSIST OF:										
Due to County Treasurer	\$ 11,127	\$ 14,392	\$ 3,752	\$ 29,313	\$ 3,166	\$ 147	\$ -	\$ 3,189	\$ -	\$ 65,086
Petty Cash	250	-	-	13,600	2,000	25	200	-	25	16,100
Due to State Treasurer	-	16,360	3,313	-	-	-	-	-	-	19,673
Due to Others	-	-	715,465	5,251	2,983	-	-	-	-	723,699
BALANCES JUNE 30, 2014	\$ 11,377	\$ 30,752	\$ 722,530	\$ 48,164	\$ 8,149	\$ 172	\$ 200	\$ 3,189	\$ 25	\$ 824,558

ADAMS COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
 June 30, 2014

Item	2009	2010	2011	2012	2013
Tax Certified by Assessor					
Real Estate	\$ 36,297,703	\$ 37,704,238	\$ 40,153,587	\$ 42,217,541	\$ 42,339,163
Personal and Specials	2,426,897	3,531,511	3,529,965	3,510,904	3,376,698
Total	<u>38,724,600</u>	<u>41,235,749</u>	<u>43,683,552</u>	<u>45,728,445</u>	<u>45,715,861</u>
Corrections					
Additions	231,957	65,528	66,759	53,260	25,986
Deductions	(152,329)	(90,646)	(87,082)	(87,496)	(10,413)
Net Additions/ (Deductions)	<u>79,628</u>	<u>(25,118)</u>	<u>(20,323)</u>	<u>(34,236)</u>	<u>15,573</u>
Corrected Certified Tax	<u>38,804,228</u>	<u>41,210,631</u>	<u>43,663,229</u>	<u>45,694,209</u>	<u>45,731,434</u>
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2010	22,811,081	-	-	-	-
June 30, 2011	15,944,335	24,235,407	-	-	-
June 30, 2012	27,300	16,939,154	26,156,099	-	-
June 30, 2013	4,442	14,609	17,465,303	27,961,195	-
June 30, 2014	<u>2,562</u>	<u>5,716</u>	<u>20,977</u>	<u>17,696,144</u>	<u>28,486,052</u>
Total Net Collections	<u>38,789,720</u>	<u>41,194,886</u>	<u>43,642,379</u>	<u>45,657,339</u>	<u>28,486,052</u>
Total Uncollected Tax	<u>\$ 14,508</u>	<u>\$ 15,745</u>	<u>\$ 20,850</u>	<u>\$ 36,870</u>	<u>\$ 17,245,382</u>
Percentage Uncollected Tax	<u>0.04%</u>	<u>0.04%</u>	<u>0.05%</u>	<u>0.08%</u>	<u>37.71%</u>



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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

Board of Supervisors
Adams County, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Adams County, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Adams County's basic financial statements, and have issued our report thereon dated January 2, 2015. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Adams County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

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

- The County offices lacked a segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. 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*.

Additional Items

We also noted certain matters that we reported to the management of Adams County in a separate letter dated January 2, 2015.

Purpose of this Report

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



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

January 2, 2015



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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January 2, 2015

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, 2014, and have issued our report thereon dated January 2, 2015. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

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

COUNTY OVERALL

Segregation of Duties

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

We noted the offices of the County each lacked a segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. 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.

Petty Cash Procedures

During our audit of the petty cash funds, the following was noted:

- The County Attorney’s petty cash fund was not routinely reconciled to the \$2,000 amount authorized by the County Board. We also noted reimbursement requests to replenish the petty cash fund were not made in a timely manner; at June 30, 2014, outstanding claims totaled \$1,576. We noted only two reimbursement requests were made during the fiscal year ended June 30, 2014.
- The County Sheriff had six authorized petty cash funds, of which three were not reconciled to the amounts authorized by the County Board. The following variances were noted:

<u>Account</u>	<u>Authorized Amount</u>	<u>Book Amount</u>	<u>Variance</u>
Food Revolving Fund	\$ 4,500	\$ 6,518	\$ 2,018
Jail Revolving Fund	\$ 3,000	\$ 3,303	\$ 303
Civil Fee Fund	\$ 6,000	\$ 6,811	\$ 811

Neb. Rev. Stat. § 23-106 (Reissue 2012) gives the County Board the sole authority to establish petty cash funds “for the purpose of making payments for subsidiary general operational expenditures and purchases.” The Board is required to set, by resolution of the County Board, the amount of the petty cash funds and include such authorization in the County Board budget message. Furthermore, good internal control requires all petty cash funds to be maintained at the authorized amount. When petty cash amounts are not maintained at the approved amount, there is an increased risk of error or loss of funds.

We recommend all petty cash funds be maintained at the authorized amount. We further recommend reimbursement claims to replenish the fund be timely.

COUNTY BOARD

Publishing of Board Minutes

Neb. Rev. Stat. § 23-122 (Reissue 2012) requires the County Board to publish, within 10 working days after the close of each meeting, a brief statement of the proceedings as well as all claims allowed.

During our audit, we noted 15 of 23 County Board minutes selected for testing were not published within 10 working days of the meeting. The publication of those 15 ranged from 9 to 24 working days late; one was not published at all.

When meeting minutes of a brief statement of the proceedings are not published within 10 days of a Board meeting, not only is the County not compliant with § 23-122, but also the general public is not made aware of relevant Board discussions and/or actions in a timely manner.

We recommend the County Board implement procedures to ensure either all meeting minutes of a brief statement of the proceedings are published within 10 working days of the close of its meetings.

Unclaimed Property

For the fiscal year ended June 30, 2014, we noted the County Board cancelled outstanding checks, totaling \$11,636, which were not properly remitted to the State Treasurer as unclaimed property, but instead remitted back to the County Treasurer and placed in the General Fund.

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

When all unclaimed property is not remitted to the State Treasurer in accordance with the Act, the County is not in compliance with State statute.

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

Payroll Taxes

Five of five employees tested did not have the correct amount of Federal income taxes withheld from their wages. The withholding error occurred because the County did not update the Federal income tax withholding tables used in its payroll system, with 2013 tax tables continuing to be used in 2014. As a result, all County employees who were paid wages in 2014 did not have their Federal income tax withholdings deducted based on the correct Federal tax rates.

Internal Revenue Service (IRS) Publication 15 (Circular E), 2014 Employer's Tax Guide, outlines an employer's responsibility to withhold Federal income tax based on each employee's specific circumstances, with each employer responsible for complete and accurate recordkeeping.

When the County relies on the payroll system to calculate tax withholdings, and the system incorrectly calculates tax withholdings on current tax tables, there is an increased risk of liability.

We recommend the County use the correct, updated tax withholding tables, in compliance with IRS guidelines, when withholding Federal income taxes from employee wages.

Interlocal Agreement

The County did not file a report on Interlocal Agreements with the Auditor of Public Accounts (APA) on or before December 31, 2013.

Neb. Rev. Stat. § 13-513 (Cum. Supp. 2014) requires the County Board to provide agreements to which it is a party under the Interlocal Cooperation Act and the Joint Public Agency Act to the APA on or before December 31 of each year.

When the Interlocal Agreement form is not filed with the APA, the County is not in compliance with State statute, and the public may not be informed of interlocal agreements the County has entered into.

We recommend the County file the Interlocal Agreement report with the APA in accordance with State statute.

COUNTY ATTORNEY

Office Accountability

During our audit, the following was noted:

- As of June 30, 2014, it could not be determined to whom \$1,847 in trust funds was owed.
- Two bank accounts, the Law Library and the Child & Family Support accounts, with combined balance of \$1,161, as of June 30, 2014, have been dormant with no activity for several years.

Sound accounting practices require that all monies held in trust be adequately detailed as to whom such funds are owed. In addition, sound accounting practices require dormant and/or otherwise inactive bank accounts to be routinely reviewed for appropriateness in order to reduce the risk of loss, theft, or misuse. These issues have been noted in prior audits.

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 CLERK

Timely Remittances

We noted the County Clerk did not remit fees to the County Treasurer in a timely manner. Collections from September 2013 through October 2014 were not remitted to the County Treasurer until November 2014; there were \$11,127 in collections on hand at June 30, 2014. Neb. Rev. Stat. § 33-130 (Reissue 2008) requires the County Clerk to pay over to the County Treasurer all fees received within 15 days of receipt.

When monies received are not remitted in a timely manner, the County Clerk is not in compliance with State statute, and there is an increased risk of loss, theft, or misuse of such funds.

We recommend the County Clerk remit all fees received in accordance with State statute.

* * * * *

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

Draft copies of this report were furnished to the County to provide management with an opportunity to review the report and to respond to the comments and recommendations included in this report. The County declined to respond.

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

Sincerely,



Deann Haeffner
Assistant Deputy Auditor