

**AUDIT REPORT
OF
ADAMS COUNTY**

JULY 1, 2014 THROUGH JUNE 30, 2015

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

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

Issued on March 14, 2016

ADAMS COUNTY

TABLE OF CONTENTS

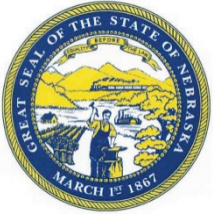
	<u>Page</u>
List of County Officials	1
Financial Section	
Independent Auditor's Report	2 - 4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position - Cash Basis	5
Statement of Activities - Cash Basis	6
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds	7
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Governmental Funds	8
Statement of Fiduciary Assets and Liabilities - Cash Basis - Fiduciary Funds	9
Notes to Financial Statements	10 - 20
Combining Statements and Schedules:	
Budgetary Comparison Schedule - Budget and Actual - General Fund	21 - 22
Budgetary Comparison Schedule - Budget and Actual - Major Funds	23 - 24
Budgetary Comparison Schedule - Budget and Actual - Nonmajor Funds	25 - 27
Combining Statement of Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Nonmajor Governmental Funds	28 - 29
Schedule of Office Activities	30
Schedule of Taxes Certified and Collected for All Political Subdivisions in the County	31
Government Auditing Standards Section	
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 <i>Government Auditing Standards</i>	32 - 33

ADAMS COUNTY

LIST OF COUNTY OFFICIALS

At June 30, 2015

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dale Curtis	Board of Supervisors	Jan. 2019
Jennifer Czekai		Jan. 2019
Charles Neumann		Jan. 2017
Eldon Orthmann		Jan. 2019
Michael Stromer		Jan. 2019
Scott Thomsen		Jan. 2017
Mike Weeks		Jan. 2017
Jackie Russell	Assessor	Jan. 2019
Donna Fegler Daiss	Attorney	Jan. 2019
Romona Thomas	Clerk Election Commissioner	Jan. 2019
Ann Hinton	Register of Deeds	Jan. 2019
Chrystine Setlik	Clerk of the District Court	Jan. 2019
Gregg Magee	Sheriff	Jan. 2019
Tom Krueger	Surveyor	Jan. 2019
Melanie Curry	Treasurer	Jan. 2019
Chris Long	Veterans' Service Officer	Appointed
Eric Walston	Weed Superintendent	Appointed
Dawn Miller	Highway Superintendent	Appointed
Judy Mignery	Planning & Zoning	Appointed



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
www.auditors.nebraska.gov

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, 2015, 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, 2015, and the respective changes in cash-basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Emphasis of Matters – Basis of Accounting

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

Report on Supplementary Information

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

The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, pages 21-31, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2016, 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* in considering Adams County's internal control over financial reporting and compliance.

March 1, 2016



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

ADAMS COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2015

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 5,765,482
Investments (Note 1.D)	155,522
TOTAL ASSETS	\$ 5,921,004
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 96,478
911 Emergency Services	252,633
Drug Education	903
Preservation of Records	43,645
Debt Service	325
Unrestricted	5,527,020
TOTAL NET POSITION	\$ 5,921,004

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, 2015

Functions:	Cash Disbursements	Program Cash Receipts		Net (Disbursement)
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Receipts and Changes in Net Position
Governmental Activities:				
General Government	\$ (5,896,205)	\$ 870,568	\$ 94,054	\$ (4,931,583)
Public Safety	(4,734,175)	257,266	175,489	(4,301,420)
Public Works	(5,802,826)	-	1,976,623	(3,826,203)
Public Assistance	(365,600)	-	-	(365,600)
Culture and Recreation	(305,074)	-	-	(305,074)
Debt Payments	(2,425,831)	-	-	(2,425,831)
Total Governmental Activities	<u><u>\$ (19,529,711)</u></u>	<u><u>\$ 1,127,834</u></u>	<u><u>\$ 2,246,166</u></u>	<u><u>(16,155,711)</u></u>

General Receipts:

Property Taxes	11,165,244
Grants and Contributions Not Restricted to Specific Programs	1,213,685
Investment Income	28,379
Licenses and Permits	119,132
Bond Proceeds	3,470,127
Miscellaneous	180,290
Total General Receipts	<u><u>16,176,857</u></u>
Increase in Net Position	21,146
Net Position - Beginning of year	5,899,858
Net Position - End of year	<u><u>\$ 5,921,004</u></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, 2015

	General Fund	Inheritance Fund	Escrow Holding Fund	Rural Road Improvement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents (Note 1.D)	\$ 1,933,912	\$ 1,496,288	\$ 1,419,541	\$ 377,222	\$ 538,519	\$ 5,765,482
Investments (Note 1.D)	-	155,522	-	-	-	155,522
TOTAL ASSETS	<u>\$ 1,933,912</u>	<u>\$ 1,651,810</u>	<u>\$ 1,419,541</u>	<u>\$ 377,222</u>	<u>\$ 538,519</u>	<u>\$ 5,921,004</u>
FUND BALANCES						
Restricted for:						
Visitor Promotion	-	-	-	-	96,478	96,478
911 Emergency Services	-	-	-	-	252,633	252,633
Drug Education	-	-	-	-	903	903
Preservation of Records	-	-	-	-	43,645	43,645
Debt Service	-	-	-	-	325	325
Committed to:						
Law Enforcement	-	-	386,099	-	-	386,099
Road Maintenance	-	-	971,261	377,222	-	1,348,483
Aid and Assistance	-	-	-	-	2	2
County Buildings	-	-	62,181	-	-	62,181
Self Insurance	-	-	-	-	63,978	63,978
Library Services	-	-	-	-	80,555	80,555
Assigned to:						
Other Purposes	-	1,651,810	-	-	-	1,651,810
Unassigned	1,933,912	-	-	-	-	1,933,912
TOTAL CASH BASIS FUND BALANCES	<u>\$ 1,933,912</u>	<u>\$ 1,651,810</u>	<u>\$ 1,419,541</u>	<u>\$ 377,222</u>	<u>\$ 538,519</u>	<u>\$ 5,921,004</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, 2015

	General Fund	Inheritance Fund	Escrow Holding Fund	Rural Road Improvement Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS						
Property Taxes	\$ 9,914,973	\$ 835,740	\$ -	\$ 3,703	\$ 410,828	\$ 11,165,244
Licenses and Permits	119,132	-	-	-	-	119,132
Interest	28,379	-	-	-	-	28,379
Intergovernmental	3,363,154	-	-	82,998	13,699	3,459,851
Charges for Services	1,111,815	-	-	-	16,019	1,127,834
Miscellaneous	178,337	697	-	3,470,217	1,166	3,650,417
TOTAL RECEIPTS	<u>14,715,790</u>	<u>836,437</u>	<u>-</u>	<u>3,556,918</u>	<u>441,712</u>	<u>19,550,857</u>
DISBURSEMENTS						
General Government	4,457,099	190,350	1,125,949	-	122,807	5,896,205
Public Safety	4,689,923	-	-	-	44,252	4,734,175
Public Works	3,712,970	-	-	2,089,406	450	5,802,826
Public Assistance	362,290	-	-	-	3,310	365,600
Culture and Recreation	-	-	-	-	305,074	305,074
Debt Service:						
Principal Payments	-	-	-	1,925,000	390,000	2,315,000
Interest and Fiscal Charges	-	-	-	17,106	93,725	110,831
TOTAL DISBURSEMENTS	<u>13,222,282</u>	<u>190,350</u>	<u>1,125,949</u>	<u>4,031,512</u>	<u>959,618</u>	<u>19,529,711</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,493,508</u>	<u>646,087</u>	<u>(1,125,949)</u>	<u>(474,594)</u>	<u>(517,906)</u>	<u>21,146</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	750,164	-	1,060,176	380,750	712,680	2,903,770
Transfers out	<u>(2,081,504)</u>	<u>(753,310)</u>	<u>-</u>	<u>-</u>	<u>(68,956)</u>	<u>(2,903,770)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,331,340)</u>	<u>(753,310)</u>	<u>1,060,176</u>	<u>380,750</u>	<u>643,724</u>	<u>-</u>
Net Change in Fund Balances	162,168	(107,223)	(65,773)	(93,844)	125,818	21,146
CASH BASIS FUND BALANCES - BEGINNING						
	<u>1,771,744</u>	<u>1,759,033</u>	<u>1,485,314</u>	<u>471,066</u>	<u>412,701</u>	<u>5,899,858</u>
CASH BASIS FUND BALANCES - ENDING						
	<u>\$ 1,933,912</u>	<u>\$ 1,651,810</u>	<u>\$ 1,419,541</u>	<u>\$ 377,222</u>	<u>\$ 538,519</u>	<u>\$ 5,921,004</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, 2015

	<u>Agency Funds</u>
ASSETS	
Cash and Cash Equivalents	1,157,443
Investments	2,353,026
TOTAL ASSETS	3,510,469
 LIABILITIES	
Due to other governments	
State	555,593
Schools	2,292,950
Educational Service Units	5,050
Technical College	37,190
Natural Resource Districts	7,981
Fire Districts	3,286
Municipalities	205,807
Agricultural Society	6,647
Townships	56,104
Sanitary and Improvement Districts	339,311
Others	550
TOTAL LIABILITIES	3,510,469
 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, 2015

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 \$65,880 toward the operation of the Region during fiscal year 2015. 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.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 2015. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Supp. 2015). Financial information for the Department is available in that report.

B. Basis of Presentation

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

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

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

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

The County reports the following major governmental funds:

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

Escrow Holding 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.

Rural Road Improvement Fund. This fund is used to account for the resources for, and payment of, general long-term debt principal, interest, and related costs of the rural road improvement project.

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 \$393,984 of restricted net position, of which \$393,659 is restricted by enabling legislation.

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

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

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, 2015, disbursements exceeded budgeted appropriations in the Rural Road Improvement Fund by \$1,729,722. These over-expenditures were a result of refunding a bond issue and were funded by the bond proceeds received.

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 \$5,765,482 for County funds and \$1,157,443 for Fiduciary funds. The bank balances for all funds totaled \$6,911,310. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2015, 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 \$13,301 in U.S. Government Securities and of \$142,221 deposited in the Nebraska Public Agency Investment Trust (NPAIT). The County also held deposits in NPAIT of \$2,353,026 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 2014, for the 2014 taxes, which will be materially collected in May and September 2015, was set at \$.302801/\$100 of assessed valuation. The levy set in October 2013, for the 2013 taxes, which were materially collected in May and September 2014, was set at \$.308075/\$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, Cum. Supp. 2014, Supp. 2015) and may be amended through legislative action.

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

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

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

account is fully vested after three years of participation in the system or credit for participation in another governmental plan prior to actual contribution to the Plan. Non-vested County contributions are forfeited upon termination. Forfeitures are used to cover a portion of the pension plan's administrative expenses. Prior service benefits are paid directly by the County to the retired employee.

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

For the year ended June 30, 2015, 164 employees contributed \$253,891, and the County contributed \$376,406. Contributions included \$8,861 in cash contributions towards the supplemental law enforcement plan for 18 law enforcement employees. Lastly, the County paid \$356 directly to five 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 80 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)

	NIRMA Coverage	Maximum Coverage
General Liability Claim	\$ 300,000	\$ 5,000,000
Workers' Compensation Claim	\$ 550,000	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 2016. 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, 2015, consisted of the following:

<u>Transfers to</u>	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
Escrow Fund	\$ 1,060,176	\$ -	\$ -	\$ 1,060,176
General Fund	-	750,000	164	750,164
Rural Road Improvement District Fund	380,750	-	-	380,750
Nonmajor Funds	640,578	3,310	68,792	712,680
Total	<u>\$ 2,081,504</u>	<u>\$ 753,310</u>	<u>\$ 68,956</u>	<u>\$ 2,903,770</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, 2014	\$ 8,881
Purchases	-
Payments	4,632
Balance June 30, 2015	<u>\$ 4,249</u>
Future Payments:	
Year	
2016	\$ 4,631
Total Payments	4,631
Less Interest	382
Present Value of Future Minimum Lease Payments	<u>\$ 4,249</u>
Carrying Value of the Related Fixed Asset	<u>\$ 23,693</u>

8. **Contingent Liabilities**

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

9. **Long-Term Debt**

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, 2015, was \$3,040,000. 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
(Concluded)

9. Long-Term Debt (Concluded)

Future Payments:

Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	445,000	41,359	486,359
2021-2022	935,000	34,527	969,527
Total Payments	<u>\$ 3,040,000</u>	<u>\$ 363,742</u>	<u>\$ 3,403,742</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>
2016	\$ 76,392	\$ 4,652	\$ 81,044
2017	78,676	2,367	81,043
Total Payments	<u>\$ 155,068</u>	<u>\$ 7,019</u>	<u>\$ 162,087</u>

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, 2015, was \$2,530,000. 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 .45% to 1.40%.

Future Payments:

Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 70,335</u>	<u>\$ 2,600,335</u>

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 10,147,406	\$ 10,147,406	\$ 9,914,973	\$ (232,433)
Licenses and Permits	131,545	131,545	119,132	(12,413)
Interest	16,000	16,000	28,379	12,379
Intergovernmental	2,988,175	2,988,175	3,363,154	374,979
Charges for Services	1,115,565	1,115,565	1,111,815	(3,750)
Miscellaneous	152,346	152,346	178,337	25,991
TOTAL RECEIPTS	14,551,037	14,551,037	14,715,790	164,753
DISBURSEMENTS				
General Government:				
County Board	230,638	230,638	214,934	15,704
County Clerk	282,448	282,448	281,985	463
County Treasurer	510,778	510,778	445,811	64,967
Register of Deeds	223,941	223,941	212,466	11,475
County Assessor	481,051	481,051	443,363	37,688
Building and Zoning	62,664	62,664	56,709	5,955
Data Processing	243,007	243,007	241,463	1,544
Clerk of the District Court	427,242	427,242	386,347	40,895
County Court System	297,125	297,125	210,069	87,056
District Judge	46,662	46,662	44,188	2,474
Public Defender	646,062	673,821	673,821	-
Building and Grounds	517,031	517,031	481,227	35,804
Agricultural Extension Agent	175,307	175,307	149,023	26,284
Microfilm	16,078	16,078	11,310	4,768
Miscellaneous	1,000,187	972,428	604,383	368,045
Public Safety				
County Sheriff	1,843,210	1,843,210	1,592,994	250,216
County Attorney	885,760	885,760	883,528	2,232
Communication Center	73,500	73,500	69,462	4,038
County Jail	2,198,784	2,198,784	1,808,886	389,898
Adult Probation	63,667	63,667	62,910	757
Juvenile Probation	5,148	5,148	5,031	117
Emergency Protective Service	62,500	62,500	62,500	-
Emergency Management	148,718	148,718	140,487	8,231
Miscellaneous	84,902	84,902	64,125	20,777
Public Works				
County Surveyor	25,887	25,887	21,053	4,834
Noxious Weed Control	107,970	107,970	107,783	187
Highway Department	4,725,189	4,725,189	3,584,134	1,141,055
Public Assistance				
Veterans' Service Officer	158,226	158,226	154,878	3,348
Relief - Medical	45,000	45,000	22,939	22,061
Miscellaneous	249,599	249,599	184,473	65,126
TOTAL DISBURSEMENTS	15,838,281	15,838,281	13,222,282	2,615,999

(Continued)

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(1,287,244)	(1,287,244)	1,493,508	2,780,752
OTHER FINANCING SOURCES (USES)				
Transfers in	750,000	750,000	750,164	164
Transfers out	(484,500)	(484,500)	(2,081,504)	(1,597,004)
TOTAL OTHER FINANCING SOURCES (USES)	265,500	265,500	(1,331,340)	(1,596,840)
Net Change in Fund Balance	(1,021,744)	(1,021,744)	162,168	1,183,912
FUND BALANCE - BEGINNING	1,771,744	1,771,744	1,771,744	-
FUND BALANCE - ENDING	<u>\$ 750,000</u>	<u>\$ 750,000</u>	<u>\$ 1,933,912</u>	<u>\$ 1,183,912</u>

(Concluded)

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 700,000	\$ 700,000	\$ 835,740	\$ 135,740
Miscellaneous	499	499	697	198
TOTAL RECEIPTS	<u>700,499</u>	<u>700,499</u>	<u>836,437</u>	<u>135,938</u>
DISBURSEMENTS	<u>1,706,222</u>	<u>1,706,222</u>	<u>190,350</u>	<u>1,515,872</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(1,005,723)</u>	<u>(1,005,723)</u>	<u>646,087</u>	<u>1,651,810</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(753,310)	(753,310)	(753,310)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(753,310)</u>	<u>(753,310)</u>	<u>(753,310)</u>	<u>-</u>
Net Change in Fund Balance	(1,759,033)	(1,759,033)	(107,223)	1,651,810
FUND BALANCE - BEGINNING	1,759,033	1,759,033	1,759,033	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,651,810</u>	<u>\$ 1,651,810</u>
ESCROW HOLDING FUND				
RECEIPTS				
TOTAL RECEIPTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DISBURSEMENTS	<u>1,485,314</u>	<u>1,485,314</u>	<u>1,125,949</u>	<u>359,365</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(1,485,314)</u>	<u>(1,485,314)</u>	<u>(1,125,949)</u>	<u>359,365</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	1,060,176	1,060,176
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>1,060,176</u>	<u>1,060,176</u>
Net Change in Fund Balance	(1,485,314)	(1,485,314)	(65,773)	1,419,541
FUND BALANCE - BEGINNING	1,485,314	1,485,314	1,485,314	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,419,541</u>	<u>\$ 1,419,541</u>

(Continued)

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>RURAL ROAD IMPROVEMENT FUND</u>				
RECEIPTS				
Taxes	\$ -	\$ -	\$ 3,703	\$ 3,703
Intergovernmental	-	-	82,998	82,998
Miscellaneous	1,830,724	1,830,724	3,470,217	1,639,493
TOTAL RECEIPTS	<u>1,830,724</u>	<u>1,830,724</u>	<u>3,556,918</u>	<u>1,726,194</u>
 DISBURSEMENTS	 <u>2,301,790</u>	 <u>2,301,790</u>	 <u>4,031,512</u>	 <u>(1,729,722)</u>
 EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	 <u>(471,066)</u>	 <u>(471,066)</u>	 <u>(474,594)</u>	 <u>(3,528)</u>
 OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	380,750	380,750
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>380,750</u>	<u>380,750</u>
 Net Change in Fund Balance	 (471,066)	 (471,066)	 (93,844)	 377,222
FUND BALANCE - BEGINNING	471,066	471,066	471,066	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 377,222</u>	<u>\$ 377,222</u>

(Concluded)

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VISITOR PROMOTION FUND				
Receipts	\$ 108,004	\$ 108,004	\$ 113,290	\$ 5,286
Disbursements	(118,315)	(118,315)	(101,397)	16,918
Transfers in	-	-	-	-
Transfers out	-	-	(956)	(956)
Net Change in Fund Balance	(10,311)	(10,311)	10,937	21,248
Fund Balance - Beginning	10,311	10,311	10,311	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,248</u>	<u>\$ 21,248</u>
VISITOR IMPROVEMENT FUND				
Receipts	\$ 80,973	\$ 80,973	\$ 56,645	\$ (24,328)
Disbursements	(121,000)	(121,000)	(53,957)	67,043
Net Change in Fund Balance	(40,027)	(40,027)	2,688	42,715
Fund Balance - Beginning	72,542	72,542	72,542	-
Fund Balance - Ending	<u>\$ 32,515</u>	<u>\$ 32,515</u>	<u>\$ 75,230</u>	<u>\$ 42,715</u>
REGISTER OF DEEDS PRESERVATION FUND				
Receipts	\$ 19,474	\$ 19,474	\$ 16,019	\$ (3,455)
Disbursements	(47,100)	(47,100)	-	47,100
Net Change in Fund Balance	(27,626)	(27,626)	16,019	43,645
Fund Balance - Beginning	27,626	27,626	27,626	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,645</u>	<u>\$ 43,645</u>
HEALTH FUND				
Receipts	\$ 189,086	\$ 189,086	\$ 582	\$ (188,504)
Disbursements	(218,419)	(218,419)	(122,807)	95,612
Transfers in	-	-	156,870	156,870
Transfers out	-	-	-	-
Net Change in Fund Balance	(29,333)	(29,333)	34,645	63,978
Fund Balance - Beginning	29,333	29,333	29,333	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,978</u>	<u>\$ 63,978</u>

(Continued)

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

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VETERANS' RELIEF FUND				
Receipts	\$ -	\$ -	\$ 1	\$ 1
Disbursements	(3,310)	(3,310)	(3,310)	-
Transfers in	3,310	3,310	3,310	-
Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	1	1
Fund Balance - Beginning	1	1	1	-
Fund Balance - Ending	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 1</u>
LIBRARY FUND				
Receipts	\$ 227,490	\$ 227,490	\$ 187,616	\$ (39,874)
Disbursements	(187,809)	(187,809)	(149,720)	38,089
Transfers in	-	-	-	-
Transfers out	(78,000)	(78,000)	(68,000)	10,000
Net Change in Fund Balance	(38,319)	(38,319)	(30,104)	8,215
Fund Balance - Beginning	38,319	38,319	38,319	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,215</u>	<u>\$ 8,215</u>
BOOKMOBILE FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(82,340)	(82,340)	-	82,340
Transfers in	78,000	78,000	68,000	(10,000)
Transfers out	-	-	-	-
Net Change in Fund Balance	(4,340)	(4,340)	68,000	72,340
Fund Balance - Beginning	4,340	4,340	4,340	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,340</u>	<u>\$ 72,340</u>
DRUG EDUCATION FUND				
Receipts	\$ -	\$ -	\$ 530	\$ 530
Disbursements	(373)	(373)	-	373
Net Change in Fund Balance	(373)	(373)	530	903
Fund Balance - Beginning	373	373	373	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 903</u>	<u>\$ 903</u>

(Continued)

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

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
HIGHWAY BOND FUND				
Receipts	\$ 582,688	\$ 582,688	\$ -	\$ (582,688)
Disbursements	(1,067,188)	(1,067,188)	(484,175)	583,013
Transfers in	484,500	484,500	484,500	-
Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	325	325
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 325</u>	<u>\$ 325</u>
911 EMERGENCY SERVICE FUND				
Receipts	\$ 135,499	\$ 135,499	\$ 67,029	\$ (68,470)
Disbursements	(365,355)	(365,355)	(44,252)	321,103
Net Change in Fund Balance	(229,856)	(229,856)	22,777	252,633
Fund Balance - Beginning	229,856	229,856	229,856	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 252,633</u>	<u>\$ 252,633</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, 2015

	Visitor Promotion Fund	Visitor Improvement Fund	Register of Deeds Preservation Fund	Health Fund	Veterans' Relief Fund
RECEIPTS					
Property Taxes	\$ 113,290	\$ 56,645	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	1
Charges for Services	-	-	16,019	-	-
Miscellaneous	-	-	-	582	-
TOTAL RECEIPTS	<u>113,290</u>	<u>56,645</u>	<u>16,019</u>	<u>582</u>	<u>1</u>
DISBURSEMENTS					
General Government	-	-	-	122,807	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Health and Sanitation	-	-	-	-	-
Public Assistance	-	-	-	-	3,310
Culture and Recreation	101,397	53,957	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Projects	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>101,397</u>	<u>53,957</u>	<u>-</u>	<u>122,807</u>	<u>3,310</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>11,893</u>	<u>2,688</u>	<u>16,019</u>	<u>(122,225)</u>	<u>(3,309)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	156,870	3,310
Transfers out	(956)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(956)</u>	<u>-</u>	<u>-</u>	<u>156,870</u>	<u>3,310</u>
Net Change in Fund Balances	10,937	2,688	16,019	34,645	1
FUND BALANCES - BEGINNING	<u>10,311</u>	<u>72,542</u>	<u>27,626</u>	<u>29,333</u>	<u>1</u>
FUND BALANCES - ENDING	<u>\$ 21,248</u>	<u>\$ 75,230</u>	<u>\$ 43,645</u>	<u>\$ 63,978</u>	<u>\$ 2</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	21,248	75,230	-	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	-
Preservation of Records	-	-	43,645	-	-
Debt Service	-	-	-	-	-
Committed to:					
Aid and Assistance	-	-	-	-	2
Self Insurance	-	-	-	63,978	-
Library Services	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 21,248</u>	<u>\$ 75,230</u>	<u>\$ 43,645</u>	<u>\$ 63,978</u>	<u>\$ 2</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, 2015

	Library Fund	Bookmobile Fund	Drug Education Fund	Highway Bond Fund	911 Emergency Service Fund	Total Nonmajor Governmental Funds
RECEIPTS						
Property Taxes	\$ 173,864	\$ -	\$ -	\$ -	\$ 67,029	\$ 410,828
Intergovernmental	13,698	-	-	-	-	13,699
Charges for Services	-	-	-	-	-	16,019
Miscellaneous	54	-	530	-	-	1,166
TOTAL RECEIPTS	<u>187,616</u>	<u>-</u>	<u>530</u>	<u>-</u>	<u>67,029</u>	<u>441,712</u>
DISBURSEMENTS						
General Government	-	-	-	-	-	122,807
Public Safety	-	-	-	-	44,252	44,252
Public Works	-	-	-	450	-	450
Health and Sanitation	-	-	-	-	-	-
Public Assistance	-	-	-	-	-	3,310
Culture and Recreation	149,720	-	-	-	-	305,074
Debt Service:						
Principal Payments	-	-	-	390,000	-	390,000
Interest and Fiscal Charges	-	-	-	93,725	-	93,725
Capital Projects	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>149,720</u>	<u>-</u>	<u>-</u>	<u>484,175</u>	<u>44,252</u>	<u>959,618</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>37,896</u>	<u>-</u>	<u>530</u>	<u>(484,175)</u>	<u>22,777</u>	<u>(517,906)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	68,000	-	484,500	-	712,680
Transfers out	(68,000)	-	-	-	-	(68,956)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(68,000)</u>	<u>68,000</u>	<u>-</u>	<u>484,500</u>	<u>-</u>	<u>643,724</u>
Net Change in Fund Balances	(30,104)	68,000	530	325	22,777	125,818
FUND BALANCES - BEGINNING	<u>38,319</u>	<u>4,340</u>	<u>373</u>	<u>-</u>	<u>229,856</u>	<u>412,701</u>
FUND BALANCES - ENDING	<u>\$ 8,215</u>	<u>\$ 72,340</u>	<u>\$ 903</u>	<u>\$ 325</u>	<u>\$ 252,633</u>	<u>\$ 538,519</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	96,478
911 Emergency Services	-	-	-	-	252,633	252,633
Drug Education	-	-	903	-	-	903
Preservation of Records	-	-	-	-	-	43,645
Debt Service	-	-	-	325	-	325
Committed to:						
Aid and Assistance	-	-	-	-	-	2
Self Insurance	-	-	-	-	-	63,978
Library Services	8,215	72,340	-	-	-	80,555
TOTAL FUND BALANCES	<u>\$ 8,215</u>	<u>\$ 72,340</u>	<u>\$ 903</u>	<u>\$ 325</u>	<u>\$ 252,633</u>	<u>\$ 538,519</u>

(Concluded)

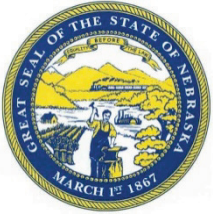
ADAMS COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2015

	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, 2014	\$ 11,377	\$ 30,752	\$ 722,530	\$ 48,164	\$ 8,149	\$ 172	\$ 200	\$ 3,189	\$ 25	\$ 824,558
RECEIPTS										
Property Taxes	-	-	-	-	-	-	-	-	-	-
Licenses and Permits	3,259	-	-	2,500	-	-	-	-	6,079	11,838
Intergovernmental	-	-	-	-	-	-	113,609	3,310	18,893	135,812
Charges for Services	2,641	169,200	99,083	224,973	900	5,566	18,066	-	-	520,429
Miscellaneous	-	-	-	405	-	-	13,212	-	-	13,617
State Fees	-	206,558	56,869	-	-	-	-	-	-	263,427
Other Liabilities	-	-	3,300,705	279,466	10,101	-	-	-	-	3,590,272
TOTAL RECEIPTS	5,900	375,758	3,456,657	507,344	11,001	5,566	144,887	3,310	24,972	4,535,395
DISBURSEMENTS										
Payments to County Treasurer	15,973	166,754	100,094	221,132	2,507	5,713	144,887	-	24,856	681,916
Payments to State Treasurer	-	200,898	55,889	-	-	-	-	-	-	256,787
Other Liabilities	-	-	3,881,819	280,568	10,280	-	-	2,353	-	4,175,020
TOTAL DISBURSEMENTS	15,973	367,652	4,037,802	501,700	12,787	5,713	144,887	2,353	24,856	5,113,723
BALANCES JUNE 30, 2015	\$ 1,304	\$ 38,858	\$ 141,385	\$ 53,808	\$ 6,363	\$ 25	\$ 200	\$ 4,146	\$ 141	\$ 246,230
BALANCES CONSIST OF:										
Due to County Treasurer	\$ 1,054	\$ 16,837	\$ 2,741	\$ 30,173	\$ 3,228	\$ -	\$ -	\$ 4,146	\$ 116	\$ 58,295
Petty Cash	250	-	-	13,600	2,000	25	200	-	25	16,100
Due to State Treasurer	-	22,021	4,294	-	-	-	-	-	-	26,315
Due to Others	-	-	134,350	10,035	1,135	-	-	-	-	145,520
BALANCES JUNE 30, 2015	\$ 1,304	\$ 38,858	\$ 141,385	\$ 53,808	\$ 6,363	\$ 25	\$ 200	\$ 4,146	\$ 141	\$ 246,230

ADAMS COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2015

Item	2010	2011	2012	2013	2014
Tax Certified by Assessor					
Real Estate	\$ 37,704,238	\$ 40,153,587	\$ 42,217,541	\$ 42,339,163	\$ 45,150,666
Personal and Specials	3,531,511	3,529,965	3,510,904	3,376,698	3,101,026
Total	41,235,749	43,683,552	45,728,445	45,715,861	48,251,692
Corrections					
Additions	65,528	67,803	60,534	81,634	14,943
Deductions	(91,265)	(87,891)	(95,489)	(31,668)	(22,625)
Net Additions/ (Deductions)	(25,737)	(20,088)	(34,955)	49,966	(7,682)
Corrected Certified Tax	41,210,012	43,663,464	45,693,490	45,765,827	48,244,010
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2011	24,235,407	-	-	-	-
June 30, 2012	16,939,154	26,156,099	-	-	-
June 30, 2013	14,609	17,465,303	27,961,195	-	-
June 30, 2014	5,716	20,977	17,696,144	28,486,052	-
June 30, 2015	3,778	7,455	16,688	17,250,743	30,399,523
Total Net Collections	41,198,664	43,649,834	45,674,027	45,736,795	30,399,523
Total Uncollected Tax	\$ 11,348	\$ 13,630	\$ 19,463	\$ 29,032	\$ 17,844,487
Percentage Uncollected Tax	0.03%	0.03%	0.04%	0.06%	36.99%

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



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
www.auditors.nebraska.gov

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, 2015, and the related notes to the financial statements, which collectively comprise Adams County's basic financial statements, and have issued our report thereon dated March 1, 2016. The report notes the financial statements were prepared on the basis of cash receipts and disbursements

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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. Inadequate segregation of duties could lead to the misappropriation of assets or improper reporting. Due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost.

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 March 1, 2016.

Adams County's Response to Findings

Adams County declined to respond to the finding described above.

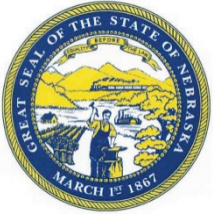
Purpose of this Report

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

March 1, 2016



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
www.auditors.nebraska.gov

March 1, 2016

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, 2015, and have issued our report thereon dated March 1, 2016. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

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

COUNTY OVERALL

Segregation of Duties

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

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

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

COUNTY BOARD

Unclaimed Property

For the fiscal year ended June 30, 2015, we noted the following regarding unclaimed property:

- The County Board cancelled outstanding checks, totaling \$11,887, 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. There was also a similar finding during the prior audit where \$11,636 of outstanding checks was remitted to the County Treasurer instead of the State Treasurer.
- There were three checks in the County Board claims imprest bank account, totaling \$60, that have been outstanding greater than three years and have not been remitted to the State Treasurer as unclaimed property.

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.

Self Insurance

During our audit, we noted there was no oversight or reconciliation of a bank account maintained to pay self-insured health insurance claims. Specifically, we noted:

- The County did not receive any reports from Mid-American Benefits, the third-party administrator of the insurance claims. Mid-American had the authority to disburse checks out of the County bank account without County approval.
- Two payments, totaling \$250,000, were made to Mid-American Benefits to cover potential claims without adequate supporting documentation. One hundred thousand dollars of this amount was later returned to the County, as it was not necessary to cover health insurance claims.
- The County did not receive or request the bank statements for the health insurance account and, therefore, did not reconcile the account to County records.

- Mid-American Benefits also administers the County's Flexible Spending Account (FSA) plan. The County was charged a \$2.50 administrative fee per participant per month for participating in the FSA plan; however, the County was unable to provide a contract or other supporting documentation for this fee.

Sound accounting practice and a good internal control plan require procedures to be in place to provide appropriate oversight of accounts and safeguard assets. When the County does not receive appropriate supporting documentation for claims paid and fees charged, nor receives bank statements and reconciles bank accounts timely, there is an increased risk for loss and/or misuse of County funds.

We recommend the County receive bank statements for the health insurance account, reconcile the account to office records, receive reports from Mid-American Benefits on insurance claims paid, and maintain adequate supporting documentation of for fees paid.

Budget Presentation

Neb. Rev. Stat. § 13-504 (Cum. Supp. 2014) requires that an entity's budget document include, for the immediately preceding fiscal year, receipts from all sources and the amount of actual disbursements.

The fiscal year 2014-2015 actual numbers for receipts and disbursements, as presented in Adams County's 2015-2016 budget document, were not complete and accurate for the General Fund, Rural Road Improvement Fund, Library Fund, Bookmobile Fund, and Highway Bond Fund. As a result, the 2014-2015 financial statements of Adams County required a net adjustment of \$2,734,690 in order to reflect accurately fund activity. Also, the budget had the following errors noted: beginning balances did not match ending balances; transfers in and out did not agree; and lid forms were incorrectly filled out.

When budget documents are not complete and accurate, not only is the County not in compliance with applicable State statutes, but also taxpayers do not receive a true accounting of the County's fiscal operations.

We recommend the County implement review procedures to ensure that the budget document correctly reflects the financial position of the County.

Expenditures in Excess of Budget

The Rural Road Improvement Fund exceeded the adopted budget by \$1,729,722, with no budget amendment adopted by the County Board.

Neb. Rev. Stat. § 23-916 (Reissue 2012) states the following:

After the adoption of the county budget, no officer, department or other expending agency shall expend or contract to be expended any money, or incur any liability, or enter into any contract which, by its terms, involves the expenditure of money not provided for in the budget, or which involves the expenditure of any money for any of the purposes for which provision is made in the budget in excess of the amounts provided in said budget for such office, department or other expending agency, or purpose, for such fiscal year. Any contract, verbal or written, made in violation of this section shall be null and void as to the county, and no money belonging thereto shall be paid thereon.

When expenditures are made in excess of the County's adopted budget, the County is not in compliance with State statute.

We recommend the County implement procedures to monitor closely expenditures throughout the year and, if necessary, amend the County's budget prior to the fiscal year end to avoid expending in excess of the County's adopted budget.

Records Retention

Nebraska Record Retention Schedule 24, Section 24-7, Bank Records, as approved by the Nebraska State Records Administrator, provides that bank records, including cancelled checks, may be disposed of after five years, provided that an audit has been completed. Sound accounting practices also require adequate financial records and supporting documentation be retained by the County

We noted that the County was unable to provide cancelled check images for checks issued out of the claims imprest bank account. Check images were not received with bank statements, and, because this account is now closed, check images can no longer be viewed through online banking.

When records are not retained in accordance with the State's records retention guidelines, there is an increased risk financial activity is not reported properly.

We recommend the County retain all records, at a minimum, according to the Nebraska Records Retention Schedule.

COUNTY CLERK OF THE DISTRICT COURT

Passport Procedures

During our audit, we noted inadequate procedures over passport fees collected. When an individual comes to the District Court (Court) to apply for a passport, they are required to complete an application form and pay an application fee, based on the type of passport. The Court completes a transmittal form which is submitted to the US Department of State along with the application form and fee. In addition to the application fee, the individual is required to pay a \$25 execution fee to the Court for processing the form. The execution fee, which is to be receipted into the Court's accounting system, is subsequently remitted to the County Treasurer and placed in the County General Fund.

For the period of January 2013 to December 2015, the number of applications per the transmittal forms on hand multiplied by the \$25 fee did not agree to the amount received into the accounting system. Several months showed a shortage of money received. Passport transmittal forms are not pre-numbered and thus cannot all be accounted or reconciled to the actual number issued. During our examination, we noted twelve months where the amount received was greater than the number of applications per the transmittal forms on file, indicating forms were missing. While it is possible there may be a timing lapse for depositing money collected in one month to when they were received, this should not occur in excess of one month. Without adequate controls over the transmittal forms, there may have been additional execution fees collected which were not received and thus unremitted to the County Treasurer. Below is a summary by month of the number of applications per the transmittal forms on file at the Court compared to the amount received into the accounting system, resulting in an overall shortage of \$305.

Month	Number of Applications per Transmittal Forms on File	Multiplied by \$25 Fee	Receipts per Accounting System	Variance
January 2013	81	2,025.00	1,850.00	(175.00)
February 2013	49	1,225.00	850.00	(375.00)
March 2013	79	1,975.00	1,950.00	(25.00)
April 2013	59	1,475.00	1,450.00	(25.00)
May 2013	82	2,050.00	1,600.00	(450.00)
June 2013	36	900.00	800.00	(100.00)
July 2013	61	1,525.00	1,200.00	(325.00)
August 2013	55	1,375.00	950.00	(425.00)
September 2013	68	1,700.00	1,520.00	(180.00)
October 2013	37	925.00	950.00	25.00
November 2013	29	725.00	775.00	50.00
December 2013	31	775.00	775.00	-
January 2014	54	1,350.00	1,825.00	475.00
February 2014	41	1,025.00	1,225.00	200.00
March 2014	46	1,150.00	1,700.00	550.00
April 2014	41	1,025.00	1,200.00	175.00
May 2014	35	875.00	1,025.00	150.00
June 2014	34	850.00	675.00	(175.00)
July 2014	42	1,050.00	1,250.00	200.00
August 2014	34	850.00	1,150.00	300.00
September 2014	56	1,400.00	1,375.00	(25.00)
October 2014	41	1,025.00	1,025.00	-
November 2014	42	1,050.00	1,050.00	-
December 2014	42	1,050.00	1,050.00	-
January 2015	63	1,575.00	1,425.00	(150.00)

Month	Number of Applications per Transmittal Forms on File	Multiplied by \$25 Fee	Receipts per Accounting System	Variance
February 2015	42	1,050.00	1,275.00	225.00
March 2015	68	1,700.00	1,575.00	(125.00)
April 2015	70	1,750.00	1,750.00	-
May 2015	39	975.00	950.00	(25.00)
June 2015	46	1,150.00	1,100.00	(50.00)
July 2015	48	1,200.00	1,350.00	150.00
August 2015	68	1,700.00	1,525.00	(175.00)
September 2015	77	1,925.00	1,925.00	-
October 2015	51	1,275.00	1,325.00	50.00
November 2015	58	1,450.00	1,400.00	(50.00)
December 2015	58	1,450.00	1,450.00	-
Total	1863	46,575.00	46,270.00	(305.00)

Neb. Rev. Stat. § 33-106.02 (Reissue 2008) states in part:

The clerk of the district court of each county shall not retain for his or her own use any fees, revenue, perquisites, or receipts, fixed, enumerated, or provided in this or any other section of the statutes of the State of Nebraska or any fees authorized by federal law to be collected or retained by a county official.

Additionally, good internal controls require that all receipts be recorded in the accounting system and records be kept to support all financial activity. Without adequate controls, including periodic comparisons of fees collected to passports issued, there is an increased risk of loss or misuse of County funds.

We recommend receipts be issued into the accounting system for all passport execution fees and a copy of all transmittal forms be maintained on file to support collections. Further, we are referring the overall shortage of \$305 to the County Attorney and Attorney General for any action they deem appropriate.

COUNTY SHERIFF

Petty Cash Procedures

The County Sheriff had six authorized petty cash funds, to which the food account and revolving account were not reconciled to the amounts authorized by the County Board. We noted the following issues:

- The food account, authorized at \$4,500, was reimbursed \$6,150 for estimated purchases in June 2015, causing the account to be in excess of the approved amount.

- The revolving account, authorized at \$3,000, was not being reimbursed in a timely manner with original receipts. The book balance at June 30, 2015, was \$1,755. Information could not be provided at fiscal year end to determine unreimbursed purchases or support the \$1,245 variance.

Neb. Rev. Stat. § 23-106(2) (Reissue 2012) states the following:

The county board shall have the authority to establish a petty cash fund for such county for the purpose of making payments for subsidiary general operational expenditures and purchases. Such county board shall set, by resolution of the board, the amount of money to be carried in such petty cash fund and the dollar limit of an expenditure from such fund and such amount shall be stated in the fiscal policy of 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 or reconciled to the authorized amount.

Balancing Procedures

We noted office records did not document a monthly asset-to-liability balancing, resulting in assets exceeding liabilities by \$2,759 at June 30, 2015.

Good internal controls require procedures to be in place to ensure assets (cash on hand, reconciled bank statement, and accounts receivable) agree to office liabilities (fees, trust accounts, and accounts payable).

Failure to maintain current, accurate records and determine asset-to-liability balancing variances in a timely manner can result in an increased risk of loss, theft, or misuse of funds, allowing errors to go undetected more easily.

We recommend the County Sheriff review all balances in the accounting records and implement procedures to insure records reflect current and correct balances and dates.

COUNTY TREASURER

Bond Payments

During testing, we noted the following bond payments were not approved by the Board prior to payment being made:

- Payment on November 21, 2014, of \$1,925,000 in principal and \$2,849 interest for the Road Improvement Bond.
- Payment on December 1, 2014, of \$390,000 in principal and \$48,374 interest for the Construction Bond.

Neb. Rev. Stat. § 23-106(1) (Reissue 2012) requires the County Board to manage the County funds and County business, except as specifically provided under other statutes. Without good internal controls over payment procedures, there is an increased risk for fraud, abuse, or misuse of funds.

We recommend the County Treasurer implement appropriate measures to ensure the County Board approves all disbursements prior to payment.

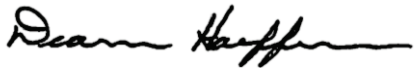
* * * * *

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