

**AUDIT REPORT  
OF  
ADAMS COUNTY**

**JULY 1, 2015 THROUGH JUNE 30, 2016**

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the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original  
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**Issued on February 23, 2017**

ADAMS COUNTY

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ADAMS COUNTY

**LIST OF COUNTY OFFICIALS**

At June 30, 2016

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



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

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

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

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

### **Opinions**

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

### **Emphasis of Matters – Basis of Accounting**

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

### **Report on Supplementary Information**

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

The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, pages 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 February 21, 2017, 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.

February 21, 2017



Deann Haeffner, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska

ADAMS COUNTY  
**STATEMENT OF NET POSITION - CASH BASIS**  
 June 30, 2016

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents (Note 1.D)	\$ 4,709,922
Investments (Note 1.D)	1,856,899
<b>TOTAL ASSETS</b>	<b>\$ 6,566,821</b>
 <b>NET POSITION</b>	
Restricted for:	
Visitor Promotion	\$ 147,142
911 Emergency Services	252,954
Drug Education	903
Preservation of Records	49,828
Debt Service	499,485
Unrestricted	5,616,509
<b>TOTAL NET POSITION</b>	<b>\$ 6,566,821</b>

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, 2016

<b>Functions:</b>	Cash Disbursements	Program Cash Receipts		Net (Disbursement)
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Receipts and Changes in Net Position
<b>Governmental Activities:</b>				
General Government	\$ (4,848,432)	\$ 969,676	\$ 55,177	\$ (3,823,579)
Public Safety	(5,048,192)	211,567	290,446	(4,546,179)
Public Works	(4,530,382)	-	1,995,051	(2,535,331)
Health and Sanitation	(2,300)	-	-	(2,300)
Public Assistance	(362,501)	-	-	(362,501)
Culture and Recreation	(268,680)	-	-	(268,680)
Debt Payments	(998,178)	-	-	(998,178)
<b>Total Governmental Activities</b>	<b><u><u>\$ (16,058,665)</u></u></b>	<b><u><u>\$ 1,181,243</u></u></b>	<b><u><u>\$ 2,340,674</u></u></b>	<b><u><u>(12,536,748)</u></u></b>

General Receipts:

Property Taxes	11,462,133
Grants and Contributions Not Restricted to Specific Programs	1,414,039
Investment Income	20,057
Licenses and Permits	117,189
Miscellaneous	169,147
<b>Total General Receipts</b>	<b><u><u>13,182,565</u></u></b>
 Increase in Net Position	 645,817
Net Position - Beginning of year	5,921,004
<b>Net Position - End of year</b>	<b><u><u>\$ 6,566,821</u></u></b>

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, 2016

	<u>General Fund</u>	<u>Inheritance Fund</u>	<u>Escrow Holding Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents (Note 1.D)	\$ 133,248	\$ 1,577,333	\$ 1,777,225	\$ 1,222,116	\$ 4,709,922
Investments (Note 1.D)	1,856,899	-	-	-	1,856,899
<b>TOTAL ASSETS</b>	<u>\$ 1,990,147</u>	<u>\$ 1,577,333</u>	<u>\$ 1,777,225</u>	<u>\$ 1,222,116</u>	<u>\$ 6,566,821</u>
<b>FUND BALANCES</b>					
Restricted for:					
Visitor Promotion	-	-	-	147,142	147,142
911 Emergency Services	-	-	-	252,954	252,954
Drug Education	-	-	-	903	903
Preservation of Records	-	-	-	49,828	49,828
Debt Service	-	-	-	499,485	499,485
Committed to:					
Law Enforcement	-	-	355,883	6,001	361,884
Road Maintenance	-	-	1,265,602	181	1,265,783
Aid and Assistance	-	-	-	3	3
County Buildings	-	-	155,740	-	155,740
Self Insurance	-	-	-	147,004	147,004
Library Services	-	-	-	118,615	118,615
Assigned to:					
Other Purposes	-	1,577,333	-	-	1,577,333
Unassigned	1,990,147	-	-	-	1,990,147
<b>TOTAL CASH BASIS FUND BALANCES</b>	<u>\$ 1,990,147</u>	<u>\$ 1,577,333</u>	<u>\$ 1,777,225</u>	<u>\$ 1,222,116</u>	<u>\$ 6,566,821</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, 2016

	General Fund	Inheritance Fund	Escrow Holding Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>					
Property Taxes	\$9,509,671	\$ 969,444	\$ -	\$ 983,018	\$ 11,462,133
Licenses and Permits	117,189	-	-	-	117,189
Investment Income	20,057	-	-	-	20,057
Intergovernmental	3,676,791	-	-	77,922	3,754,713
Charges for Services	1,164,148	-	-	17,095	1,181,243
Miscellaneous	68,085	637	-	100,425	169,147
<b>TOTAL RECEIPTS</b>	<u>14,555,941</u>	<u>970,081</u>	<u>-</u>	<u>1,178,460</u>	<u>16,704,482</u>
<b>DISBURSEMENTS</b>					
General Government	4,741,355	42,056	36,710	28,311	4,848,432
Public Safety	4,931,309	-	52,506	64,377	5,048,192
Public Works	3,567,101	-	963,281	-	4,530,382
Health and Sanitation	2,300	-	-	-	2,300
Public Assistance	359,999	-	-	2,502	362,501
Culture and Recreation	-	-	-	268,680	268,680
Debt Service:					
Principal Payments	-	-	-	900,000	900,000
Interest and Fiscal Charges	-	-	-	98,178	98,178
Capital Outlay	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>13,602,064</u>	<u>42,056</u>	<u>1,052,497</u>	<u>1,362,048</u>	<u>16,058,665</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>953,877</u>	<u>928,025</u>	<u>(1,052,497)</u>	<u>(183,588)</u>	<u>645,817</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	1,000,000	-	1,410,181	867,185	3,277,366
Transfers out	<u>(1,897,642)</u>	<u>(1,002,502)</u>	<u>-</u>	<u>(377,222)</u>	<u>(3,277,366)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(897,642)</u>	<u>(1,002,502)</u>	<u>1,410,181</u>	<u>489,963</u>	<u>-</u>
Net Change in Fund Balances	56,235	(74,477)	357,684	306,375	645,817
<b>CASH BASIS FUND BALANCES - BEGINNING</b>					
	<u>1,933,912</u>	<u>1,651,810</u>	<u>1,419,541</u>	<u>915,741</u>	<u>5,921,004</u>
<b>CASH BASIS FUND BALANCES - ENDING</b>					
	<u>\$1,990,147</u>	<u>\$ 1,577,333</u>	<u>\$ 1,777,225</u>	<u>\$ 1,222,116</u>	<u>\$ 6,566,821</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, 2016

	Agency Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,954,161
Investments	2,019,737
	\$ 3,973,898
<b>LIABILITIES</b>	
Due to other governments	
State	524,072
Schools	2,761,020
Educational Service Units	4,616
Technical College	30,081
Natural Resource Districts	5,641
Fire Districts	2,778
Municipalities	196,517
Agricultural Society	5,560
Townships	86,250
Sanitary and Improvement Districts	355,917
Others	1,446
<b>TOTAL LIABILITIES</b>	<b>3,973,898</b>
<b>TOTAL NET ASSETS</b>	<b>\$ -</b>

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, 2016

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 \$65,343 toward the operation of the Region during fiscal year 2016. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Department of Health and Human Services requires the Region to be audited annually in accordance with State statute. Financial information for the Region is available in those audit reports.

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. 2016).

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 2016. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Cum. Supp. 2016). Financial information for the Department is available in that report.

South Central Planning, Exercise, and Training Region (Region) – The County has entered into an agreement with the surrounding counties as well as the cities and villages within the counties, to establish, maintain, and operate a public safety planning, exercise, and training program. Agreements were established under authority of the Interlocal Cooperation Act for services provided per the agreements.

The governing board for the Region is established by the agreement and includes representatives from the participating county and municipality boards. Adams County is the fiscal agent for the Region, and it will pay for expenditures through a separate fund set up for the purpose. This fund is included in the financial activity of the County as the Regional Emergency Management Fund.

**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.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

**Fund Financial Statements.** The fund financial statements provide information about the County's funds, including its fiduciary funds. GAAP requires separate statements by fund category – governmental, proprietary, and fiduciary. The County uses only the governmental and fiduciary fund categories. The County Board is the highest level of decision-making authority and has the authority, by resolution, to establish, modify, or rescind the commitment or assignment of a fund balance to a specific purpose. When resources for a specific purpose are available in more than one fund balance classification, the County's policy is to use resources in the following order: restricted, committed, assigned, and unassigned. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

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

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

**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.

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.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

The County designates fund balances as follows:

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

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

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

**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.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

**D. Assets and Net Position**

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

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

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

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 \$950,312 of restricted net position, which is fully restricted by enabling legislation.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

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

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 \$4,709,922 for County funds and \$1,954,161 for Fiduciary funds. The bank balances for all funds totaled \$6,662,762. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2016, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

The County's carrying value of investments is stated at cost, which approximates market. Investments consisted of \$1,856,899 deposited in the Nebraska Public Agency Investment Trust (NPAIT). The County also held deposits in NPAIT of \$2,019,737 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

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

2. **Deposits and Investments** (Concluded)

account. Net income that has accrued to each participant is converted as of the close of business of each calendar month into additional units, which thereafter are held in each participant's trust account. Since net income of the fund is allocated among participants each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name.

3. **Property Taxes**

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

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

The levy set in October 2015, for the 2015 taxes, which will be materially collected in May and September 2016, was set at \$.263947/\$100 of assessed valuation. The levy set in October 2014, for the 2014 taxes, which were materially collected in May and September 2015, was set at \$.302801/\$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. 2016) 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.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

County employees and elected officials contribute 4.5% of their total compensation. In addition, the County contributes an amount equal to 150% of the employee's contribution. The contribution rates are established by § 23-2307 and § 23-2308 and may be amended through legislative action. The employee's and employer's contributions are kept in separate accounts. The employee's account is fully vested. The employer's account is fully vested after three years of participation in the system or credit for participation in another governmental plan prior to actual contribution to the Plan. Non-vested County contributions are forfeited upon termination. Forfeitures are used to cover a portion of the pension plan's administrative expenses. Prior service benefits are paid directly by the County to the retired employee.

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

For the year ended June 30, 2016, 169 employees contributed \$268,508, and the County contributed \$397,908. Contributions included \$9,711 in cash contributions towards the supplemental law enforcement plan for 18 law enforcement employees. Lastly, the County paid \$230 directly to three 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.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS  
(Continued)

5. **Risk Management** (Concluded)

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.

	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 2017. 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, 2016, consisted of the following:

<b>Transfers to</b>	<b>Transfers from</b>			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
General Fund	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000
Escrow Fund	1,410,181	-	-	1,410,181
Nonmajor Funds	487,461	2,502	377,222	867,185
Total	<u>\$ 1,897,642</u>	<u>\$ 1,002,502</u>	<u>\$ 377,222</u>	<u>\$ 3,277,366</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, 2015	\$ 4,249
Purchases	-
Payments	4,249
Balance June 30, 2016	\$ -
Carrying Value of the Related Fixed Asset	
	\$ 23,693

**8. Contingent Liabilities**

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

**9. Long-Term Debt**

**Highway Allocation Bonds.** The County issued bonds on May 12, 2016, in the amount of \$2,670,000, to refund the outstanding balance of the Series 2011 Bonds and to pay the construction costs of certain streets, highways, and roads within Adams County. The bond payable balance, as of June 30, 2016, was \$2,670,000. 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 future highway allocation receipts to pay off the bonds. Principal and interest payments are due December 15 and June 15. Interest rates range from .60% to 1.75%.

Future Payments:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 425,000	\$ 35,577	\$ 460,577
2018	440,000	27,358	467,358
2019	445,000	21,060	466,060
2020	445,000	15,942	460,942
2021	455,000	10,201	465,201
2022	460,000	3,565	463,565
Total Payments	\$ 2,670,000	\$ 113,703	\$ 2,783,703

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS  
(Concluded)

9. **Long-Term Debt** (Concluded)

**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:

<b>Year</b>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 78,676	\$ 2,367	\$ 81,043

**Road Improvement Bonds.** The County issued Series 2014 road improvement bonds on November 3, 2014, in the amount of \$2,530,000 for the purpose of paying off both Series 2014A and Series 2014B bonds and the construction costs of certain streets, highways, and roads within Adams County. The bond payable balance, as of June 30, 2016, was \$2,030,000. 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 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:

<b>Year</b>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 2,030,000</u>	<u>\$ 48,340</u>	<u>\$ 2,078,340</u>

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

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 10,056,170	\$ 10,056,170	\$ 9,509,671	\$ (546,499)
Licenses and Permits	103,455	103,455	117,189	13,734
Interest	17,000	17,000	20,057	3,057
Intergovernmental	3,564,957	3,564,957	3,676,791	111,834
Charges for Services	1,181,152	1,181,152	1,164,148	(17,004)
Miscellaneous	56,500	56,500	68,085	11,585
TOTAL RECEIPTS	14,979,234	14,979,234	14,555,941	(423,293)
<b>DISBURSEMENTS</b>				
General Government:				
County Board	268,115	268,115	245,197	22,918
County Clerk	410,296	410,296	308,861	101,435
County Treasurer	539,170	539,170	489,939	49,231
Register of Deeds	246,047	246,047	236,324	9,723
County Assessor	529,998	529,998	441,217	88,781
Planning and Zoning	65,052	65,052	56,989	8,063
Clerk of the District Court	475,328	475,328	397,224	78,104
County Court System	283,625	283,625	126,155	157,470
District Judge	49,834	49,834	48,310	1,524
Public Defender	776,749	776,749	705,348	71,401
Building and Grounds	537,266	537,266	495,569	41,697
Building Security	245,000	245,000	101,848	143,152
Agricultural Extension Agent	191,250	191,250	180,009	11,241
Data Processing	251,593	251,593	243,692	7,901
Microfilm	12,000	12,000	10,340	1,660
Miscellaneous	881,605	881,605	654,333	227,272
Public Safety				
County Sheriff	1,959,531	1,959,531	1,612,286	347,245
County Attorney	1,009,201	1,009,201	949,719	59,482
Communication Center	81,550	81,550	72,056	9,494
County Jail	2,577,807	2,577,807	1,944,087	633,720
Emergency Management	161,629	161,629	161,456	173
Adult Probation	69,852	69,852	61,251	8,601
Juvenile Probation	5,148	5,148	4,653	495
Ambulance Rescue	62,500	62,500	62,500	-
Miscellaneous	90,400	90,400	63,301	27,099
Public Works				
County Surveyor	30,539	30,539	25,985	4,554
Noxious Weed Control	87,719	87,719	67,449	20,270
Highway Department	4,943,923	4,943,923	3,473,667	1,470,256

(Continued)

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

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>DISBURSEMENTS (Continued)</b>				
Public Health				
Miscellaneous	2,300	2,300	2,300	-
Public Assistance				
Veterans' Service Officer	172,808	172,808	168,847	3,961
Relief and Assistance	40,000	40,000	23,752	16,248
Miscellaneous	189,749	189,749	167,400	22,349
<b>TOTAL DISBURSEMENTS</b>	<u>17,247,584</u>	<u>17,247,584</u>	<u>13,602,064</u>	<u>3,645,520</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(2,268,350)</u>	<u>(2,268,350)</u>	<u>953,877</u>	<u>3,222,227</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,000,000	1,000,000	1,000,000	-
Transfers out	(487,500)	(487,500)	(1,897,642)	(1,410,142)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>512,500</u>	<u>512,500</u>	<u>(897,642)</u>	<u>(1,410,142)</u>
Net Change in Fund Balance	(1,755,850)	(1,755,850)	56,235	1,812,085
<b>FUND BALANCE - BEGINNING</b>	<u>1,933,912</u>	<u>1,933,912</u>	<u>1,933,912</u>	-
<b>FUND BALANCE - ENDING</b>	<u>\$ 178,062</u>	<u>\$ 178,062</u>	<u>\$1,990,147</u>	<u>\$ 1,812,085</u>

(Concluded)

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

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>INHERITANCE FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 800,000	\$ 800,000	\$ 969,444	\$ 169,444
Miscellaneous	82,000	82,000	637	(81,363)
<b>TOTAL RECEIPTS</b>	<b>882,000</b>	<b>882,000</b>	<b>970,081</b>	<b>88,081</b>
<b>DISBURSEMENTS</b>	<b>1,531,310</b>	<b>1,531,310</b>	<b>42,056</b>	<b>1,489,254</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(649,310)</b>	<b>(649,310)</b>	<b>928,025</b>	<b>1,577,335</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(1,002,500)	(1,002,500)	(1,002,502)	(2)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,002,500)</b>	<b>(1,002,500)</b>	<b>(1,002,502)</b>	<b>(2)</b>
Net Change in Fund Balance	(1,651,810)	(1,651,810)	(74,477)	1,577,333
FUND BALANCE - BEGINNING	1,651,810	1,651,810	1,651,810	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,577,333</u>	<u>\$ 1,577,333</u>
<b>ESCROW HOLDING FUND</b>				
<b>RECEIPTS</b>				
<b>TOTAL RECEIPTS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>DISBURSEMENTS</b>	<b>1,419,541</b>	<b>1,419,541</b>	<b>1,052,497</b>	<b>367,044</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(1,419,541)</b>	<b>(1,419,541)</b>	<b>(1,052,497)</b>	<b>367,044</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	1,410,181	1,410,181
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>1,410,181</b>	<b>1,410,181</b>
Net Change in Fund Balance	(1,419,541)	(1,419,541)	357,684	1,777,225
FUND BALANCE - BEGINNING	1,419,541	1,419,541	1,419,541	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,777,225</u>	<u>\$ 1,777,225</u>

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

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>VISITOR PROMOTION FUND</b>				
Receipts	\$ 103,000	\$ 103,000	\$ 111,741	\$ 8,741
Disbursements	(124,248)	(124,248)	(100,039)	24,209
Net Change in Fund Balance	(21,248)	(21,248)	11,702	32,950
Fund Balance - Beginning	21,248	21,248	21,248	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,950</u>	<u>\$ 32,950</u>
<b>VISITOR IMPROVEMENT FUND</b>				
Receipts	\$ 50,000	\$ 50,000	\$ 55,871	\$ 5,871
Disbursements	(125,230)	(125,230)	(16,909)	108,321
Net Change in Fund Balance	(75,230)	(75,230)	38,962	114,192
Fund Balance - Beginning	75,230	75,230	75,230	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,192</u>	<u>\$ 114,192</u>
<b>PRESERVATION AND MODERNIZATION FUND</b>				
Receipts	\$ 19,855	\$ 19,855	\$ 17,095	\$ (2,760)
Disbursements	(63,500)	(63,500)	(10,912)	52,588
Net Change in Fund Balance	(43,645)	(43,645)	6,183	49,828
Fund Balance - Beginning	43,645	43,645	43,645	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,828</u>	<u>\$ 49,828</u>
<b>HEALTH FUND</b>				
Receipts	\$ -	\$ -	\$ 100,425	\$ 100,425
Disbursements	(63,978)	(63,978)	(17,399)	46,579
Net Change in Fund Balance	(63,978)	(63,978)	83,026	147,004
Fund Balance - Beginning	63,978	63,978	63,978	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 147,004</u>	<u>\$ 147,004</u>
<b>VETERANS' AID FUND</b>				
Receipts	\$ -	\$ -	\$ 1	\$ 1
Disbursements	(2,502)	(2,502)	(2,502)	-
Transfers in	2,500	2,500	2,502	2
Transfers out	-	-	-	-
Net Change in Fund Balance	(2)	(2)	1	3
Fund Balance - Beginning	2	2	2	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 3</u>

(Continued)

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

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>LIBRARY FUND</b>				
Receipts	\$ 167,732	\$ 167,732	\$ 189,792	\$ 22,060
Disbursements	(175,947)	(175,947)	(151,732)	24,215
Net Change in Fund Balance	(8,215)	(8,215)	38,060	46,275
Fund Balance - Beginning	8,215	8,215	8,215	-
Fund Balance - Ending	\$ -	\$ -	\$ 46,275	\$ 46,275
<b>BOOKMOBILE FUND</b>				
Receipts	\$ 16,000	\$ 16,000	\$ -	\$ (16,000)
Disbursements	(88,340)	(88,340)	-	88,340
Net Change in Fund Balance	(72,340)	(72,340)	-	72,340
Fund Balance - Beginning	72,340	72,340	72,340	-
Fund Balance - Ending	\$ -	\$ -	\$ 72,340	\$ 72,340
<b>DRUG EDUCATION FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(903)	(903)	-	903
Net Change in Fund Balance	(903)	(903)	-	903
Fund Balance - Beginning	903	903	903	-
Fund Balance - Ending	\$ -	\$ -	\$ 903	\$ 903
<b>911 EMERGENCY MANAGEMENT FUND</b>				
Receipts	\$ 65,000	\$ 65,000	\$ 64,698	\$ (302)
Disbursements	(317,633)	(317,633)	(64,377)	253,256
Net Change in Fund Balance	(252,633)	(252,633)	321	252,954
Fund Balance - Beginning	252,633	252,633	252,633	-
Fund Balance - Ending	\$ -	\$ -	\$ 252,954	\$ 252,954
<b>REGIONAL EMERGENCY MANAGEMENT FUND</b>				
Receipts	\$ -	\$ -	\$ 6,001	\$ 6,001
Disbursements	-	-	-	-
Net Change in Fund Balance	-	-	6,001	6,001
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ 6,001	\$ 6,001

(Continued)

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

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>HIGHWAY BOND FUND</b>				
Receipts	\$ 643,787	\$ 643,787	\$ 632,655	\$ (11,132)
Disbursements	(1,508,798)	(1,508,798)	(998,178)	510,620
Transfers in	864,686	864,686	864,683	(3)
Transfers out	-	-	-	-
Net Change in Fund Balance	(325)	(325)	499,160	499,485
Fund Balance - Beginning	325	325	325	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 499,485</u>	<u>\$ 499,485</u>
<b>RURAL ROAD IMPROVEMENT FUND</b>				
Receipts	\$ -	\$ -	\$ 181	\$ 181
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(377,882)	(377,882)	(377,222)	660
Net Change in Fund Balance	(377,882)	(377,882)	(377,041)	841
Fund Balance - Beginning	377,882	377,882	377,222	(660)
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181</u>	<u>\$ 181</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, 2016

	Visitor Promotion Fund	Visitor Improvement Fund	Preservation and Modernization Fund	Health Fund	Veterans' Aid Fund
<b>RECEIPTS</b>					
Property Taxes	\$ 111,741	\$ 55,871	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	1
Charges for Services	-	-	17,095	-	-
Miscellaneous	-	-	-	100,425	-
<b>TOTAL RECEIPTS</b>	<u>111,741</u>	<u>55,871</u>	<u>17,095</u>	<u>100,425</u>	<u>1</u>
<b>DISBURSEMENTS</b>					
General Government	-	-	10,912	17,399	-
Public Safety	-	-	-	-	-
Public Assistance	-	-	-	-	2,502
Culture and Recreation	100,039	16,909	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>100,039</u>	<u>16,909</u>	<u>10,912</u>	<u>17,399</u>	<u>2,502</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>11,702</u>	<u>38,962</u>	<u>6,183</u>	<u>83,026</u>	<u>(2,501)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	2,502
Transfers out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,502</u>
Net Change in Fund Balances	11,702	38,962	6,183	83,026	1
<b>FUND BALANCES - BEGINNING</b>	<u>21,248</u>	<u>75,230</u>	<u>43,645</u>	<u>63,978</u>	<u>2</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 32,950</u>	<u>\$ 114,192</u>	<u>\$ 49,828</u>	<u>\$ 147,004</u>	<u>\$ 3</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	32,950	114,192	-	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	-
Preservation of Records	-	-	49,828	-	-
Debt Service	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Road Maintenance	-	-	-	-	-
Aid and Assistance	-	-	-	-	3
Self Insurance	-	-	-	147,004	-
Library Services	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 32,950</u>	<u>\$ 114,192</u>	<u>\$ 49,828</u>	<u>\$ 147,004</u>	<u>\$ 3</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, 2016

	Library Fund	Bookmobile Fund	Drug Education Fund	911 Emergency Management Fund
<b>RECEIPTS</b>				
Property Taxes	\$ 174,528	\$ -	\$ -	\$ 64,698
Intergovernmental	15,264	-	-	-
Charges for Services	-	-	-	-
Miscellaneous	-	-	-	-
<b>TOTAL RECEIPTS</b>	<u>189,792</u>	<u>-</u>	<u>-</u>	<u>64,698</u>
<b>DISBURSEMENTS</b>				
General Government	-	-	-	-
Public Safety	-	-	-	64,377
Public Assistance	-	-	-	-
Culture and Recreation	151,732	-	-	-
Debt Service:				
Principal Payments	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>151,732</u>	<u>-</u>	<u>-</u>	<u>64,377</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>38,060</u>	<u>-</u>	<u>-</u>	<u>321</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	38,060	-	-	321
<b>FUND BALANCES - BEGINNING</b>	<u>8,215</u>	<u>72,340</u>	<u>903</u>	<u>252,633</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 46,275</u>	<u>\$ 72,340</u>	<u>\$ 903</u>	<u>\$ 252,954</u>
<b>FUND BALANCES:</b>				
Restricted for:				
Visitor Promotion	-	-	-	-
911 Emergency Services	-	-	-	252,954
Drug Education	-	-	903	-
Preservation of Records	-	-	-	-
Debt Service	-	-	-	-
Committed to:				
Law Enforcement	-	-	-	-
Road Maintenance	-	-	-	-
Aid and Assistance	-	-	-	-
Self Insurance	-	-	-	-
Library Services	46,275	72,340	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 46,275</u>	<u>\$ 72,340</u>	<u>\$ 903</u>	<u>\$ 252,954</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, 2016

	Regional Emergency Management Fund	Highway Bond Fund	Rural Road Improvement Fund	Total Nonmajor Governmental Funds
<b>RECEIPTS</b>				
Property Taxes	\$ -	\$ 576,180	\$ -	\$ 983,018
Intergovernmental	6,001	56,475	181	77,922
Charges for Services	-	-	-	17,095
Miscellaneous	-	-	-	100,425
<b>TOTAL RECEIPTS</b>	<b>6,001</b>	<b>632,655</b>	<b>181</b>	<b>1,178,460</b>
<b>DISBURSEMENTS</b>				
General Government	-	-	-	28,311
Public Safety	-	-	-	64,377
Public Assistance	-	-	-	2,502
Culture and Recreation	-	-	-	268,680
Debt Service:				-
Principal Payments	-	900,000	-	900,000
Interest and Fiscal Charges	-	98,178	-	98,178
<b>TOTAL DISBURSEMENTS</b>	<b>-</b>	<b>998,178</b>	<b>-</b>	<b>1,362,048</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>6,001</b>	<b>(365,523)</b>	<b>181</b>	<b>(183,588)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	864,683	-	867,185
Transfers out	-	-	(377,222)	(377,222)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>864,683</b>	<b>(377,222)</b>	<b>489,963</b>
Net Change in Fund Balances	6,001	499,160	(377,041)	306,375
<b>FUND BALANCES - BEGINNING</b>	<b>-</b>	<b>325</b>	<b>377,222</b>	<b>915,741</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 6,001</b>	<b>\$ 499,485</b>	<b>\$ 181</b>	<b>\$ 1,222,116</b>
<b>FUND BALANCES:</b>				
Restricted for:				
Visitor Promotion	-	-	-	147,142
911 Emergency Services	-	-	-	252,954
Drug Education	-	-	-	903
Preservation of Records	-	-	-	49,828
Debt Service	-	499,485	-	499,485
Committed to:				
Law Enforcement	6,001	-	-	6,001
Road Maintenance	-	-	181	181
Aid and Assistance	-	-	-	3
Self Insurance	-	-	-	147,004
Library Services	-	-	-	118,615
<b>TOTAL FUND BALANCES</b>	<b>\$ 6,001</b>	<b>\$ 499,485</b>	<b>\$ 181</b>	<b>\$ 1,222,116</b>

(Concluded)

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

	County Clerk	Register of Deeds	Clerk of the District Court	County Sheriff	County Attorney	Weed Superintendent	Highway Superintendent	Veterans' Service Officer	County Assessor	County Planning and Zoning	Total
BALANCES JULY 1, 2015	\$ 1,304	\$ 38,858	\$ 141,385	\$ 53,808	\$ 6,363	\$ 25	\$ 200	\$ 4,146	\$ -	\$ 141	\$ 246,230
<b>RECEIPTS</b>											
Licenses and Permits	5,215	-	-	3,205	-	-	-	-	-	5,536	13,956
Intergovernmental	-	-	-	-	-	-	75,577	2,502	-	20,174	98,253
Charges for Services	4,972	174,933	101,813	187,877	510	1,294	28,819	-	-	-	500,218
Miscellaneous	1,000	-	-	245	-	-	9,371	-	93	-	10,709
State Fees	-	198,999	52,761	-	-	-	-	-	-	-	251,760
Other Liabilities	-	-	3,209,799	216,333	13,798	-	-	-	-	-	3,439,930
TOTAL RECEIPTS	11,187	373,932	3,364,373	407,660	14,308	1,294	113,767	2,502	93	25,710	4,314,826
<b>DISBURSEMENTS</b>											
Payments to County Treasurer	9,854	176,087	101,947	217,904	600	1,294	113,767	-	-	25,826	647,279
Payments to State Treasurer	-	198,702	51,930	-	-	-	-	-	-	-	250,632
Other Liabilities	-	-	3,230,134	217,582	12,840	-	-	3,048	-	-	3,463,604
TOTAL DISBURSEMENTS	9,854	374,789	3,384,011	435,486	13,440	1,294	113,767	3,048	-	25,826	4,361,515
BALANCES JUNE 30, 2016	\$ 2,637	\$ 38,001	\$ 121,747	\$ 25,982	\$ 7,231	\$ 25	\$ 200	\$ 3,600	\$ 93	\$ 25	\$ 199,541
<b>BALANCES CONSIST OF:</b>											
Due to County Treasurer	\$ 1,387	\$ 15,683	\$ 2,607	\$ 7,846	\$ 3,138	\$ -	\$ -	\$ 3,600	\$ 93	\$ -	\$ 34,354
Petty Cash	1,250	-	-	13,600	2,000	25	200	-	-	25	17,100
Due to State Treasurer	-	22,318	5,125	-	-	-	-	-	-	-	27,443
Due to Others	-	-	114,015	4,536	2,093	-	-	-	-	-	120,644
BALANCES JUNE 30, 2016	\$ 2,637	\$ 38,001	\$ 121,747	\$ 25,982	\$ 7,231	\$ 25	\$ 200	\$ 3,600	\$ 93	\$ 25	\$ 199,541

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

Item	2011	2012	2013	2014	2015
<b>Tax Certified by Assessor</b>					
Real Estate	\$ 40,153,587	\$ 42,217,541	\$ 42,339,163	\$ 45,150,666	\$ 45,502,032
Personal and Specials	3,529,965	3,510,904	3,376,698	3,101,026	2,740,917
<b>Total</b>	<b>43,683,552</b>	<b>45,728,445</b>	<b>45,715,861</b>	<b>48,251,692</b>	<b>48,242,949</b>
<b>Corrections</b>					
Additions	67,803	60,534	85,488	23,663	26,411
Deductions	(89,855)	(98,186)	(37,209)	(31,217)	(40,658)
Net Additions/ (Deductions)	(22,052)	(37,652)	48,279	(7,554)	(14,247)
<b>Corrected Certified Tax</b>	<b>43,661,500</b>	<b>45,690,793</b>	<b>45,764,140</b>	<b>48,244,138</b>	<b>48,228,702</b>
<b>Net Tax Collected by County Treasurer during Fiscal Year Ending:</b>					
June 30, 2012	26,156,099	-	-	-	-
June 30, 2013	17,465,303	27,961,195	-	-	-
June 30, 2014	20,977	17,696,144	28,486,052	-	-
June 30, 2015	7,455	16,688	17,250,743	30,399,523	-
June 30, 2016	1,035	2,073	7,838	17,811,412	30,390,081
<b>Total Net Collections</b>	<b>43,650,869</b>	<b>45,676,100</b>	<b>45,744,633</b>	<b>48,210,935</b>	<b>30,390,081</b>
<b>Total Uncollected Tax</b>	<b>\$ 10,631</b>	<b>\$ 14,693</b>	<b>\$ 19,507</b>	<b>\$ 33,203</b>	<b>\$ 17,838,621</b>
<b>Percentage Uncollected Tax</b>	<b>0.02%</b>	<b>0.03%</b>	<b>0.04%</b>	<b>0.07%</b>	<b>36.99%</b>

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



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Charlie Janssen  
State Auditor

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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, 2016, and the related notes to the financial statements, which collectively comprise Adams County's basic financial statements, and have issued our report thereon dated February 21, 2017. 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 February 21, 2017.

### **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

February 21, 2017



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Charlie Janssen  
State Auditor

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February 21, 2017

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, 2016, and have issued our report thereon dated February 21, 2017. 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

### Claims Procedures

During our audit, we noted the following regarding the County's payment procedures:

- The County had entered into verbal cost-sharing agreements with the City of Hastings for road projects and a drug task force, totaling \$460,516; however, a written contract or agreement to support the split in costs was not available.
- A claim paid to the Hastings Museum, totaling \$16,909, contained support for only \$10,216 of the expenses incurred, leaving \$6,693 without supporting documentation.
- Four credit card transactions tested, totaling \$396, indicated purchases at a food establishment, but itemized supporting documentation was not provided to verify the actual items purchased.
- One credit card transaction tested noted sales tax, totaling \$36, was paid on a hotel room. The County is exempt from paying Nebraska sales tax.

Good internal controls and sound accounting practices require a written agreement to be obtained when payments are being divided between entities. Also, good internal controls require that procedures be in place to ensure all claims are supported with adequate documentation. Without such a written agreement and accompanying documentation procedures, there is an increased risk for the loss, theft, or misuse of County funds.

We recommend the County Board enter into a written contract or agreement, as well as obtain documentation for all payments.

### Imprest Account Reconciliation

The County Clerk was maintaining an excess balance of \$3,098 in the County Imprest Bank Account. These funds are due to outstanding checks that were not cashed by vendors and were initially issued out of a bank account that was closed in November 2015. The County Clerk has not been able to determine the payees of all \$3,098 transferred; however, checks have not been issued to payees that are known. The unknown balance has not been remitted to the State Treasurer as unclaimed property. See below for a breakout of the monies owed.

Amount To Be Remitted to Unclaimed Property	\$ 926
Checks To Be Reissued to Vendors	2,172
<b>Balance Maintained in the Account</b>	<b>\$ 3,098</b>

Neb. Rev. Stat. § 23-109(2) (Reissue 2012), states, "The county board may adopt by resolution an imprest system of accounting for the county and authorize the county clerk to establish an imprest vendor, payroll, or other account for the payment of county warrants in accordance with any guidelines issued by the Auditor of Public Accounts." An imprest account functions as a clearing account and, therefore, should maintain a zero book balance, unless otherwise approved by the County Board.

Additionally, good internal control and sound business practices require outstanding balances maintained in the County bank accounts to be reviewed on an ongoing, timely basis to determine what action should be taken to refund and/or resolve those balances. When bank accounts are not reconciled to the authorized amount and hold excess balances, there is an increased risk that fraud, abuse, or misuse of County funds will go undetected.

We recommend the County Clerk implement procedures to ensure outstanding balances maintained in the imprest bank account are reviewed, and the appropriate action is taken to resolve the balances.

### **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 following:

- Mid-American Benefits, the third-party administrator of the insurance claims, was given authority to withdraw money from the County's bank account. The County did not receive a detailed report to support the disbursements to Mid-American Benefits; therefore, a review was not conducted to insure the disbursements were for valid claims against the County.
- 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.

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, nor receives bank statements and reconciles bank accounts timely, there is an increased risk for loss and/or misuse of County funds. This issue has been noted in prior audits.

We recommend the County receive bank statements for the health insurance account, reconcile the account to office records, and receive and review reports from Mid-American Benefits on insurance claims paid.

## **COUNTY SHERIFF**

### **Balancing Procedures**

We noted office records did not document a monthly asset-to-liability balancing, resulting in liabilities exceeding assets by \$434 at June 30, 2016.

Good internal controls require procedures to be in place to ensure assets (cash on hand, reconciled bank accounts, and accounts receivable) agree to office liabilities (fees on hand, trust accounts, and accounts payable). This issue has been noted in prior audits.

Failure to maintain current, accurate records and determine asset-to-liability balancing variances in a timely manner results 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 ensure records reflect current and correct balances and dates.

### **Petty Cash Procedures**

The County Sheriff has six authorized petty cash funds, two of those funds, the food account and revolving account, were not reconciled to the amounts authorized by the County Board. We noted the following specific issues:

- The food account, authorized at \$4,500, was reimbursed \$5,500 for estimated purchases in June 2016, causing the account to be in excess of the approved amount. Additionally, this account is routinely carrying an excess balance of \$97.
- The revolving account was not being reimbursed in a timely manner and did not have original receipts. We noted three purchases in October and November 2015 that were not filed as a claim until February 2016. We also noted meal expenses of \$500 that did not have original receipts documenting the itemized costs.
- The revolving account authorized at \$3,000 had a book balance at June 30, 2016, of \$2,777. Information could not be provided at fiscal year end to determine unreimbursed purchases or support \$155 of the variance between the book balance and the authorized petty cash amount.

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 funds are not maintained at the approved amount, there is an increased risk of an error or loss of funds. These issues have been noted in prior audits.

We recommend all petty cash funds be maintained or reconciled to the authorized amount and that all disbursements be submitted for reimbursement in a timely manner and have itemized documentation to support the amount disbursed.

## **Remittances to County Treasurer**

During our audit, we noted the County Sheriff's Office was not remitting collections to the County Treasurer timely. Specifically, we noted the following:

- During a surprise cash count on January 12, 2017, we noted \$3,950 was on hand for work release and house arrest collections that had not been remitted to the County Treasurer. These collections were originally received as far back as September 30, 2016.
- Receipts, totaling \$2,800, for inmate Social Security payments were being held as a balance in an office bank account, instead of remitted to the County Treasurer. The balance in this account had accumulated for several years.

Neb. Rev. Stat. § 23-1601(1) (Reissue 2012) states the following:

*It is the duty of the county treasurer to receive all money belonging to the county, from whatsoever source derived and by any method of payment provided by section 77-1702, and all other money which is by law directed to be paid to him or her. All money received by the county treasurer for the use of the county shall be paid out by him or her only on warrants issued by the county board according to law, except when special provision for payment of county money is otherwise made by law.*

When collections are not remitted to the County Treasurer timely, the Sheriff's Office is not in compliance with State statute. Additionally, holding large amounts of cash on hand increases the risk of loss, theft, or misuse of County funds.

We recommend all monies belonging to the County be remitted to the County Treasurer in a timely manner.

## **COUNTY ATTORNEY**

### **Office Accountability**

During our audit, the following was noted:

- The Child & Family Support bank account, with a balance of \$1,133 as of June 30, 2016, has been dormant with no activity for several years.
- As of June 30, 2016, it could not be determined to whom \$111 in trust funds was owed.

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. In addition, sound accounting practices require that all monies held in trust be adequately detailed as to whom such funds are owed. This issue has 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's office review its accountability procedures in the above-noted areas and implement procedures to ensure complete, accurate, and timely accountability of all monies.

**COUNTY CLERK OF THE DISTRICT COURT**

During the review of balances held by the District Court at June 30, 2016, we noted six bonds, totaling \$450, which were mandated to the Supreme Court as far back as February 2015, were still held during fieldwork in January 2017.

Good internal control and sound business practices require balances held by the District Court to be reviewed on an ongoing, timely basis to determine what action should be taken to refund and/or resolve those balances.

Without adequate controls in place to ensure the complete, accurate, and timely resolution of trust balances, there is an increased risk of loss, theft, misuse, or improper payment of monies held by the District Court.

We recommend the District Court implement procedures to ensure balances are reviewed in a timely manner for completeness, accuracy, and proper disposition.

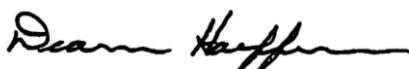
\* \* \* \* \*

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