

**AUDIT REPORT
OF
ADAMS COUNTY**

JULY 1, 2016, THROUGH JUNE 30, 2017

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the Auditor of Public Accounts.**

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Issued on March 9, 2018

ADAMS COUNTY

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ADAMS COUNTY
500 W. 4th Street
Hastings, NE 68901

LIST OF COUNTY OFFICIALS
At June 30, 2017

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Supervisors	Charles Neumann	Jan. 2021
	Scott Thomsen	Jan. 2021
	Michael Stromer	Jan. 2019
	Eldon Orthmann	Jan. 2019
	Dale Curtis	Jan. 2019
	Lee Hogan	Jan. 2019
	Mike Weeks	Jan. 2021
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	Shon Leiske	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

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, 2017, 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, 2017, 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

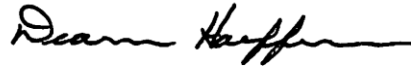
Our audit was conducted for the purpose of forming opinions on the financial statements as a whole which collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes 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 20-30, 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 8, 2018, 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.



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

March 8, 2018

ADAMS COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2017

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 3,621,347
Investments (Note 1.D)	5,039,227
TOTAL ASSETS	\$ 8,660,574
 NET POSITION	
Restricted for:	
Visitor Promotion	\$ 233,540
911 Emergency Services	256,189
Drug Education	903
Preservation of Records	46,922
Debt Service	684,373
Unrestricted	7,438,647
TOTAL NET POSITION	\$ 8,660,574

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, 2017

Functions:	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ (5,217,447)	\$ 968,708	\$ 422,720	\$ (3,826,019)
Public Safety	(5,274,692)	209,593	35,329	(5,029,770)
Public Works	(5,355,810)	-	2,365,846	(2,989,964)
Health and Sanitation	-	-	316,051	316,051
Public Assistance	(192,474)	-	-	(192,474)
Culture and Recreation	(273,642)	-	-	(273,642)
Debt Payments	(980,422)	-	-	(980,422)
Total Governmental Activities	<u><u>\$ (17,294,487)</u></u>	<u><u>\$ 1,178,301</u></u>	<u><u>\$ 3,139,946</u></u>	<u><u>(12,976,240)</u></u>

General Receipts:

Property Taxes	13,226,803
Grants and Contributions Not Restricted to Specific Programs	1,615,631
Investment Income	30,397
Licenses and Permits	117,444
Miscellaneous	79,718
Total General Receipts	<u><u>15,069,993</u></u>
Increase in Net Position	2,093,753
Net Position - Beginning of year	6,566,821
Net Position - End of year	<u><u>\$ 8,660,574</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, 2017

	<u>General Fund</u>	<u>Inheritance Fund</u>	<u>Escrow Holding Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents (Note 1.D)	\$ 626,450	\$ 100,000	\$ 1,050,181	\$ 1,844,716	\$ 3,621,347
Investments (Note 1.D)	1,975,306	3,063,921	-	-	5,039,227
TOTAL ASSETS	<u><u>\$ 2,601,756</u></u>	<u><u>\$ 3,163,921</u></u>	<u><u>\$ 1,050,181</u></u>	<u><u>\$ 1,844,716</u></u>	<u><u>\$ 8,660,574</u></u>
FUND BALANCES					
Restricted for:					
Visitor Promotion	-	-	-	233,540	233,540
911 Emergency Services	-	-	-	256,189	256,189
Drug Education	-	-	-	903	903
Preservation of Records	-	-	-	46,922	46,922
Debt Service	-	-	-	684,373	684,373
Committed to:					
Law Enforcement	-	-	960	7,232	8,192
Road Maintenance & Equipment	-	-	794,038	393,919	1,187,957
Aid and Assistance	-	-	-	1	1
County Buildings	-	-	122,361	-	122,361
Self Insurance	-	-	-	135,851	135,851
Library Services	-	-	-	85,786	85,786
Office Furnishings, Supplies, & Equipment	-	-	61,631	-	61,631
Assigned to:					
Other Purposes	-	3,163,921	71,191	-	3,235,112
Unassigned	2,601,756	-	-	-	2,601,756
TOTAL CASH BASIS FUND BALANCES	<u><u>\$ 2,601,756</u></u>	<u><u>\$ 3,163,921</u></u>	<u><u>\$ 1,050,181</u></u>	<u><u>\$ 1,844,716</u></u>	<u><u>\$ 8,660,574</u></u>

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

ADAMS COUNTY
**STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

	General Fund	Inheritance Fund	Escrow Holding Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Property Taxes	\$9,575,501	\$ 2,644,291	\$ -	\$ 1,007,011	\$ 13,226,803
Licenses and Permits	117,444	-	-	-	117,444
Investment Income	30,397	-	-	-	30,397
Intergovernmental	4,284,697	-	-	470,880	4,755,577
Charges for Services	1,160,075	493	-	17,733	1,178,301
Miscellaneous	79,718	-	-	-	79,718
TOTAL RECEIPTS	<u>15,247,832</u>	<u>2,644,784</u>	<u>-</u>	<u>1,495,624</u>	<u>19,388,240</u>
DISBURSEMENTS					
General Government	5,013,232	43,299	129,124	31,792	5,217,447
Public Safety	5,200,593	-	19,187	54,912	5,274,692
Public Works	4,092,980	-	1,257,723	5,107	5,355,810
Public Assistance	189,974	-	-	2,500	192,474
Culture and Recreation	-	12,400	-	261,242	273,642
Debt Service:					
Principal Payments	-	-	-	925,000	925,000
Interest and Fiscal Charges	-	-	-	55,422	55,422
TOTAL DISBURSEMENTS	<u>14,496,779</u>	<u>55,699</u>	<u>1,406,034</u>	<u>1,335,975</u>	<u>17,294,487</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>751,053</u>	<u>2,589,085</u>	<u>(1,406,034)</u>	<u>159,649</u>	<u>2,093,753</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,300,123	-	978,990	463,255	2,742,368
Transfers out	(1,439,567)	(1,002,497)	(300,000)	(304)	(2,742,368)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(139,444)</u>	<u>(1,002,497)</u>	<u>678,990</u>	<u>462,951</u>	<u>-</u>
Net Change in Fund Balances	611,609	1,586,588	(727,044)	622,600	2,093,753
CASH BASIS FUND BALANCES - BEGINNING					
	<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>
CASH BASIS FUND BALANCES - ENDING					
	<u>\$2,601,756</u>	<u>\$ 3,163,921</u>	<u>\$1,050,181</u>	<u>\$ 1,844,716</u>	<u>\$ 8,660,574</u>

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

ADAMS COUNTY
STATEMENT OF CASH BASIS NET POSITION
FIDUCIARY FUNDS
June 30, 2017

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 2,155,214
Investments	\$ 2,497,796
	\$ 4,653,010
 LIABILITIES	
Due to other governments	
State	570,957
Schools	3,556,927
Educational Service Units	4,974
Technical College	31,542
Natural Resource Districts	6,050
Fire Districts	16,254
Municipalities	200,828
Agricultural Society	5,825
Townships	65,124
Sanitary and Improvement Districts	193,028
Others	1,501
TOTAL LIABILITIES	4,653,010
 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, 2017

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 \$80,770 toward the operation of the Region during fiscal year 2017. 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 the 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, Supp. 2017).

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 2017. 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. 2017). 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 the 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 pays for expenditures through a separate fund set up for the purpose. The 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.

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.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

The County reports the following major governmental funds:

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

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.

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 \$1,221,927 of restricted net position, which is fully 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 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.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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, 2017, disbursements exceeded budgeted appropriations in the Adams Central Road Project Fund by \$5,107. These over-expenditures were funded by greater than anticipated receipts.

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 \$3,621,347 for County funds and \$2,155,214 for Fiduciary funds. The bank balances for all funds totaled \$5,715,955. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2017, 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 \$5,039,227 deposited in the Nebraska Public Agency Investment Trust (NPAIT). The County also held deposits in NPAIT of \$2,497,796 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.

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.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. Property Taxes (Concluded)

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 2016, for the 2016 taxes, which will be materially collected in May and September 2017, was set at \$.271119/\$100 of assessed valuation. The levy set in October 2015, for the 2015 taxes, which were materially collected in May and September 2016, was set at \$.263947/\$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, Supp. 2017) 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 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. The Plan's financial statements, including pension costs and obligations, are audited annually and can be obtained from the State of Nebraska Public Employees Retirement System.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

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, 2017, 164 employees contributed \$280,564, and the County contributed \$415,530. Contributions included \$9,665 in cash contributions towards the supplemental law enforcement plan for 17 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 89 counties and local governments 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.

	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

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. **Risk Management** (Concluded)

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 2018. 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, 2017, consisted of the following:

Transfers to	Transfers from				Total
	General Fund	Inheritance Fund	Escrow Holding Fund	Nonmajor Funds	
General Fund	\$ -	\$ 1,000,000	\$ 300,000	\$ 123	\$ 1,300,123
Escrow Holding Fund	978,990	-	-	-	978,990
Nonmajor Funds	460,577	2,497	-	181	463,255
Total	<u>\$ 1,439,567</u>	<u>\$ 1,002,497</u>	<u>\$ 300,000</u>	<u>\$ 304</u>	<u>\$ 2,742,368</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.

7. **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.

8. **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 costs of certain streets, highways, and roads within Adams County. The bond payable balance, as of June 30, 2017, was \$2,245,000. 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:

Year	Principal	Interest	Total
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	<u>\$ 2,245,000</u>	<u>\$ 78,126</u>	<u>\$ 2,323,126</u>

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Concluded)

8. **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 a County warehouse and storage space. The loan was at a 3% interest rate with five annual payments of \$81,044 beginning October 1, 2012, through October 1, 2016. The last payment on this loan was paid in September 2016.

Road Improvement Bonds. The County issued bonds on November 3, 2014, in the amount of \$2,530,000 to refund the outstanding balance of the Series 2014A and Series 2014B bonds, and to pay the construction costs of certain streets, highways, and roads within Adams County. The bond payable balance, as of June 30, 2017, was \$1,530,000. 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 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>
2018	\$ 505,000	\$ 15,347	\$ 520,347
2019	510,000	10,143	520,143
2020	515,000	3,605	518,605
Total Payments	<u>\$ 1,530,000</u>	<u>\$ 29,095</u>	<u>\$ 1,559,095</u>

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$10,400,259	\$10,400,259	\$9,575,501	\$ (824,758)
Licenses and Permits	106,069	106,069	117,444	11,375
Interest	17,000	17,000	30,397	13,397
Intergovernmental	3,616,545	3,616,545	4,284,697	668,152
Charges for Services	1,147,000	1,147,000	1,160,075	13,075
Miscellaneous	60,600	60,600	79,718	19,118
TOTAL RECEIPTS	<u>15,347,473</u>	<u>15,347,473</u>	<u>15,247,832</u>	<u>(99,641)</u>
DISBURSEMENTS				
General Government:				
County Board	223,986	223,986	222,421	1,565
County Clerk	299,000	299,000	278,483	20,517
County Treasurer	575,502	575,502	518,224	57,278
Register of Deeds	251,140	251,140	244,704	6,436
County Assessor	518,834	518,834	466,148	52,686
Election Commissioner	66,499	66,499	48,175	18,324
Building and Zoning	69,559	69,559	62,481	7,078
Clerk of the District Court	492,799	492,799	403,315	89,484
County Court System	236,610	236,610	119,788	116,822
District Judge	54,443	54,443	44,060	10,383
Public Defender	881,442	881,442	794,381	87,061
Building and Grounds	546,392	546,392	485,111	61,281
Building Security	110,669	110,669	25,106	85,563
Agricultural Extension Agent	200,662	200,662	178,928	21,734
Data Processing	254,506	254,506	230,363	24,143
Microfilm	11,088	11,088	10,364	724
Miscellaneous	1,073,677	1,073,677	881,180	192,497
Public Safety				
County Sheriff	2,093,553	2,093,553	1,754,757	338,796
County Attorney	1,065,466	1,065,466	1,034,414	31,052
Communication Center	79,992	79,992	69,436	10,556
County Jail	2,558,660	2,558,660	1,705,650	853,010
Emergency Management	566,558	566,558	509,115	57,443
Adult Probation	67,282	67,282	64,721	2,561
Ambulance	62,500	62,500	62,500	-
Public Works				
County Surveyor	29,918	29,918	24,857	5,061
Noxious Weed Control	87,543	87,543	67,557	19,986
Highway Department	4,985,053	4,985,053	4,000,566	984,487
Public Assistance				
Veterans' Service Officer	173,687	173,687	167,320	6,367
Relief	39,600	39,600	22,654	16,946
TOTAL DISBURSEMENTS	<u>17,676,620</u>	<u>17,676,620</u>	<u>14,496,779</u>	<u>3,179,841</u>

(Continued)

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(2,329,147)	(2,329,147)	751,053	3,080,200
OTHER FINANCING SOURCES (USES)				
Transfers in	1,300,000	1,300,000	1,300,123	123
Transfers out	(461,000)	(461,000)	(1,439,567)	(978,567)
TOTAL OTHER FINANCING SOURCES (USES)	839,000	839,000	(139,444)	(978,444)
Net Change in Fund Balance	(1,490,147)	(1,490,147)	611,609	2,101,756
FUND BALANCE - BEGINNING	1,990,147	1,990,147	1,990,147	-
FUND BALANCE - ENDING	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 2,601,756</u>	<u>\$ 2,101,756</u>

(Concluded)

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 800,000	\$ 800,000	\$ 2,644,291	\$ 1,844,291
Charges for Services	-	-	493	493
TOTAL RECEIPTS	<u>800,000</u>	<u>800,000</u>	<u>2,644,784</u>	<u>1,844,784</u>
DISBURSEMENTS	<u>1,374,833</u>	<u>1,374,833</u>	<u>55,699</u>	<u>1,319,134</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(574,833)</u>	<u>(574,833)</u>	<u>2,589,085</u>	<u>3,163,918</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(1,002,497)	(1,002,497)	(1,002,497)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,002,497)</u>	<u>(1,002,497)</u>	<u>(1,002,497)</u>	<u>-</u>
Net Change in Fund Balance	(1,577,330)	(1,577,330)	1,586,588	3,163,918
FUND BALANCE - BEGINNING	1,577,333	1,577,333	1,577,333	-
FUND BALANCE - ENDING	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 3,163,921</u>	<u>\$ 3,163,918</u>
ESCROW HOLDING FUND				
RECEIPTS				
TOTAL RECEIPTS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DISBURSEMENTS	<u>1,477,225</u>	<u>1,477,225</u>	<u>1,406,034</u>	<u>71,191</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(1,477,225)</u>	<u>(1,477,225)</u>	<u>(1,406,034)</u>	<u>71,191</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	978,990	978,990
Transfers out	(300,000)	(300,000)	(300,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(300,000)</u>	<u>(300,000)</u>	<u>678,990</u>	<u>978,990</u>
Net Change in Fund Balance	(1,777,225)	(1,777,225)	(727,044)	1,050,181
FUND BALANCE - BEGINNING	1,777,225	1,777,225	1,777,225	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,050,181</u>	<u>\$ 1,050,181</u>

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VISITORS PROMOTION FUND				
Receipts	\$ 99,377	\$ 99,377	\$ 119,938	\$ 20,561
Disbursements	(132,327)	(132,327)	(80,385)	51,942
Net Change in Fund Balance	(32,950)	(32,950)	39,553	72,503
Fund Balance - Beginning	32,950	32,950	32,950	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,503</u>	<u>\$ 72,503</u>
VISITORS IMPROVEMENT FUND				
Receipts	\$ 40,433	\$ 40,433	\$ 59,970	\$ 19,537
Disbursements	(154,625)	(154,625)	(13,125)	141,500
Net Change in Fund Balance	(114,192)	(114,192)	46,845	161,037
Fund Balance - Beginning	114,192	114,192	114,192	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,037</u>	<u>\$ 161,037</u>
PRESERVATION AND MODERNIZATION FUND				
Receipts	\$ 16,000	\$ 16,000	\$ 17,733	\$ 1,733
Disbursements	(65,828)	(65,828)	(20,639)	45,189
Net Change in Fund Balance	(49,828)	(49,828)	(2,906)	46,922
Fund Balance - Beginning	49,828	49,828	49,828	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,922</u>	<u>\$ 46,922</u>
HEALTH FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(147,004)	(147,004)	(11,153)	135,851
Net Change in Fund Balance	(147,004)	(147,004)	(11,153)	135,851
Fund Balance - Beginning	147,004	147,004	147,004	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,851</u>	<u>\$ 135,851</u>
VETERANS' AID FUND				
Receipts	\$ -	\$ -	\$ 1	\$ 1
Disbursements	(2,500)	(2,500)	(2,500)	-
Transfers in	2,497	2,497	2,497	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(3)	(3)	(2)	1
Fund Balance - Beginning	3	3	3	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>

(Continued)

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

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
LIBRARY FUND				
Receipts	\$ 121,457	\$ 121,457	\$ 134,903	\$ 13,446
Disbursements	(167,732)	(167,732)	(167,732)	-
Net Change in Fund Balance	(46,275)	(46,275)	(32,829)	13,446
Fund Balance - Beginning	46,275	46,275	46,275	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,446</u>	<u>\$ 13,446</u>
BOOKMOBILE FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	72,340	72,340	72,340	-
Fund Balance - Ending	<u>\$ 72,340</u>	<u>\$ 72,340</u>	<u>\$ 72,340</u>	<u>\$ -</u>
DRUG LAW ENFORCEMENT AND EDUCATION FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(903)	(903)	-	903
Net Change in Fund Balance	(903)	(903)	-	903
Fund Balance - Beginning	903	903	903	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 903</u>	<u>\$ 903</u>
911 EMERGENCY MANAGEMENT FUND				
Receipts	\$ 60,000	\$ 60,000	\$ 58,000	\$ (2,000)
Disbursements	(312,954)	(312,954)	(54,765)	258,189
Net Change in Fund Balance	(252,954)	(252,954)	3,235	256,189
Fund Balance - Beginning	252,954	252,954	252,954	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 256,189</u>	<u>\$ 256,189</u>
REGIONAL EMERGENCY MANAGEMENT FUND				
Receipts	\$ 1,499	\$ 1,499	\$ 1,501	\$ 2
Disbursements	(7,500)	(7,500)	(147)	7,353
Transfers in	-	-	-	-
Transfers out	-	-	(123)	(123)
Net Change in Fund Balance	(6,001)	(6,001)	1,231	7,232
Fund Balance - Beginning	6,001	6,001	6,001	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,232</u>	<u>\$ 7,232</u>

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
HIGHWAY BOND FUND				
Receipts	\$ 739,334	\$ 739,334	\$ 704,552	\$ (34,782)
Disbursements	(1,700,000)	(1,700,000)	(980,422)	719,578
Transfers in	461,181	461,181	460,758	(423)
Transfers out	-	-	-	-
Net Change in Fund Balance	(499,485)	(499,485)	184,888	684,373
Fund Balance - Beginning	499,485	499,485	499,485	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 684,373</u>	<u>\$ 684,373</u>
ADAMS CENTRAL ROAD PROJECT FUND				
Receipts	\$ -	\$ -	\$ 399,026	\$ 399,026
Disbursements	-	-	(5,107)	(5,107)
Net Change in Fund Balance	-	-	393,919	393,919
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 393,919</u>	<u>\$ 393,919</u>
RURAL ROAD IMPROVEMENT FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(181)	(181)	(181)	-
Net Change in Fund Balance	(181)	(181)	(181)	-
Fund Balance - Beginning	181	181	181	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2017

	Visitors Promotion Fund	Visitors Improvement Fund	Preservation and Modernization Fund	Health Fund
RECEIPTS				
Property Taxes	\$ 119,938	\$ 59,970	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for Services	-	-	17,733	-
TOTAL RECEIPTS	<u>119,938</u>	<u>59,970</u>	<u>17,733</u>	<u>-</u>
DISBURSEMENTS				
General Government	-	-	20,639	11,153
Public Safety	-	-	-	-
Public Works	-	-	-	-
Public Assistance	-	-	-	-
Culture and Recreation	80,385	13,125	-	-
Principal Payments	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
TOTAL DISBURSEMENTS	<u>80,385</u>	<u>13,125</u>	<u>20,639</u>	<u>11,153</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>39,553</u>	<u>46,845</u>	<u>(2,906)</u>	<u>(11,153)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	39,553	46,845	(2,906)	(11,153)
FUND BALANCES - BEGINNING	<u>32,950</u>	<u>114,192</u>	<u>49,828</u>	<u>147,004</u>
FUND BALANCES - ENDING	<u>\$ 72,503</u>	<u>\$ 161,037</u>	<u>\$ 46,922</u>	<u>\$ 135,851</u>
FUND BALANCES:				
Restricted for:				
Visitor Promotion	72,503	161,037	-	-
911 Emergency Services	-	-	-	-
Drug Education	-	-	-	-
Preservation of Records	-	-	46,922	-
Debt Service	-	-	-	-
Committed to:				
Law Enforcement	-	-	-	-
Road Maintenance & Equipment	-	-	-	-
Aid and Assistance	-	-	-	-
Self Insurance	-	-	-	135,851
Library Services	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 72,503</u>	<u>\$ 161,037</u>	<u>\$ 46,922</u>	<u>\$ 135,851</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, 2017

	Veterans' Aid Fund	Library Fund	Bookmobile Fund	Drug Law Enforcement and Education Fund	911 Emergency Management Fund
RECEIPTS					
Property Taxes	\$ -	\$ 124,932	\$ -	\$ -	\$ 58,000
Intergovernmental	1	9,971	-	-	-
Charges for Services	-	-	-	-	-
TOTAL RECEIPTS	<u>1</u>	<u>134,903</u>	<u>-</u>	<u>-</u>	<u>58,000</u>
DISBURSEMENTS					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	54,765
Public Works	-	-	-	-	-
Public Assistance	2,500	-	-	-	-
Culture and Recreation	-	167,732	-	-	-
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>2,500</u>	<u>167,732</u>	<u>-</u>	<u>-</u>	<u>54,765</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(2,499)</u>	<u>(32,829)</u>	<u>-</u>	<u>-</u>	<u>3,235</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	2,497	-	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,497</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(2)	(32,829)	-	-	3,235
FUND BALANCES - BEGINNING	<u>3</u>	<u>46,275</u>	<u>72,340</u>	<u>903</u>	<u>252,954</u>
FUND BALANCES - ENDING	<u>\$ 1</u>	<u>\$ 13,446</u>	<u>\$ 72,340</u>	<u>\$ 903</u>	<u>\$ 256,189</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	-	-	-	-	256,189
Drug Education	-	-	-	903	-
Preservation of Records	-	-	-	-	-
Debt Service	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Road Maintenance & Equipment	-	-	-	-	-
Aid and Assistance	1	-	-	-	-
Self Insurance	-	-	-	-	-
Library Services	-	13,446	72,340	-	-
TOTAL FUND BALANCES	<u>\$ 1</u>	<u>\$ 13,446</u>	<u>\$ 72,340</u>	<u>\$ 903</u>	<u>\$ 256,189</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, 2017

	Regional Emergency Management Fund	Highway Bond Fund	Adams Central Road Project Fund	Rural Road Improvement Fund	Total Nonmajor Governmental Funds
RECEIPTS					
Property Taxes	\$ -	\$ 644,171	\$ -	\$ -	\$ 1,007,011
Intergovernmental	1,501	60,381	399,026	-	470,880
Charges for Services	-	-	-	-	17,733
TOTAL RECEIPTS	<u>1,501</u>	<u>704,552</u>	<u>399,026</u>	<u>-</u>	<u>1,495,624</u>
DISBURSEMENTS					
General Government	-	-	-	-	31,792
Public Safety	147	-	-	-	54,912
Public Works	-	-	5,107	-	5,107
Public Assistance	-	-	-	-	2,500
Culture and Recreation	-	-	-	-	261,242
Principal Payments	-	925,000	-	-	925,000
Interest and Fiscal Charges	-	55,422	-	-	55,422
TOTAL DISBURSEMENTS	<u>147</u>	<u>980,422</u>	<u>5,107</u>	<u>-</u>	<u>1,335,975</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,354</u>	<u>(275,870)</u>	<u>393,919</u>	<u>-</u>	<u>159,649</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	460,758	-	-	463,255
Transfers out	(123)	-	-	(181)	(304)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(123)</u>	<u>460,758</u>	<u>-</u>	<u>(181)</u>	<u>462,951</u>
Net Change in Fund Balances	1,231	184,888	393,919	(181)	622,600
FUND BALANCES - BEGINNING	<u>6,001</u>	<u>499,485</u>	<u>-</u>	<u>181</u>	<u>1,222,116</u>
FUND BALANCES - ENDING	<u>\$ 7,232</u>	<u>\$ 684,373</u>	<u>\$ 393,919</u>	<u>\$ -</u>	<u>\$ 1,844,716</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	233,540
911 Emergency Services	-	-	-	-	256,189
Drug Education	-	-	-	-	903
Preservation of Records	-	-	-	-	46,922
Debt Service	-	684,373	-	-	684,373
Committed to:					
Law Enforcement	7,232	-	-	-	7,232
Road Maintenance & Equipment	-	-	393,919	-	393,919
Aid and Assistance	-	-	-	-	1
Self Insurance	-	-	-	-	135,851
Library Services	-	-	-	-	85,786
TOTAL FUND BALANCES	<u>\$ 7,232</u>	<u>\$ 684,373</u>	<u>\$ 393,919</u>	<u>\$ -</u>	<u>\$ 1,844,716</u>

(Concluded)

ADAMS COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2017

	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, 2016	\$ 2,637	\$ 38,001	\$ 121,747	\$ 25,982	\$ 7,231	\$ 25	\$ 200	\$ 3,600	\$ 93	\$ 25	\$ 199,541
RECEIPTS											
Property Taxes	-	-	-	-	-	-	-	-	-	-	-
Licenses and Permits	5,950	-	-	2,675	-	-	3,437	-	-	4,911	16,973
Intergovernmental	-	-	-	-	-	-	520,788	2,500	-	21,631	544,919
Charges for Services	4,059	183,032	107,317	185,517	320	10,511	27,318	-	16	-	518,090
Miscellaneous	2,025	736	-	400	-	1	21,029	-	-	-	24,191
State Fees	-	198,867	54,201	-	-	-	-	-	-	-	253,068
Other Liabilities	-	-	1,232,645	212,743	10,519	-	-	-	-	-	1,455,907
TOTAL RECEIPTS	12,034	382,635	1,394,163	401,335	10,839	10,512	572,572	2,500	16	26,542	2,813,148
DISBURSEMENTS											
Payments to County Treasurer	9,949	179,332	106,693	168,453	450	10,511	571,988	-	91	26,542	1,074,009
Payments to State Treasurer	-	199,312	58,860	-	-	-	-	-	-	-	258,172
Other Liabilities	2,024	730	1,248,192	216,516	10,085	1	584	2,986	3	-	1,481,121
TOTAL DISBURSEMENTS	11,973	379,374	1,413,745	384,969	10,535	10,512	572,572	2,986	94	26,542	2,813,302
BALANCES JUNE 30, 2017	\$ 2,698	\$ 41,262	\$ 102,165	\$ 42,348	\$ 7,535	\$ 25	\$ 200	\$ 3,114	\$ 15	\$ 25	\$ 199,387
BALANCES CONSIST OF:											
Due to County Treasurer	\$ 1,448	\$ 19,390	\$ 3,231	\$ 28,748	\$ 3,008	\$ -	\$ -	\$ 3,114	\$ 15	\$ -	\$ 58,954
Petty Cash	1,250	-	-	13,600	2,000	25	200	-	-	25	17,100
Due to State Treasurer	-	21,872	466	-	-	-	-	-	-	-	22,338
Due to Others	-	-	98,468	-	2,527	-	-	-	-	-	100,995
BALANCES JUNE 30, 2017	\$ 2,698	\$ 41,262	\$ 102,165	\$ 42,348	\$ 7,535	\$ 25	\$ 200	\$ 3,114	\$ 15	\$ 25	\$ 199,387

ADAMS COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2017

Item	2012	2013	2014	2015	2016
Tax Certified by Assessor					
Real Estate	\$ 42,217,541	\$ 42,339,163	\$ 45,150,666	\$ 45,502,032	\$ 49,135,828
Personal and Specials	3,510,904	3,376,698	3,101,026	2,740,917	2,795,163
Total	45,728,445	45,715,861	48,251,692	48,242,949	51,930,991
Corrections					
Additions	60,534	85,488	25,186	26,834	14,096
Deductions	(100,116)	(39,792)	(35,056)	(48,597)	(44,839)
Net Additions/ (Deductions)	(39,582)	45,696	(9,870)	(21,763)	(30,743)
Corrected Certified Tax	45,688,863	45,761,557	48,241,822	48,221,186	51,900,248
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2013	27,961,195	-	-	-	-
June 30, 2014	17,696,144	28,486,052	-	-	-
June 30, 2015	16,688	17,250,743	30,399,523	-	-
June 30, 2016	2,073	7,838	17,811,412	30,390,081	-
June 30, 2017	6,122	6,067	14,133	17,794,178	32,610,155
Total Net Collections	45,682,222	45,750,700	48,225,068	48,184,259	32,610,155
Total Uncollected Tax	\$ 6,641	\$ 10,857	\$ 16,754	\$ 36,927	\$ 19,290,093
Percentage Uncollected Tax	0.01%	0.02%	0.03%	0.08%	37.17%

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, 2017, 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 8, 2018. 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 8, 2018.

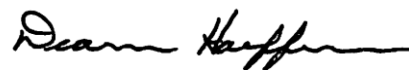
Adams County's Response to Findings

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.

March 8, 2018



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska



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 8, 2018

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, 2017, and have issued our report thereon dated March 8, 2018. 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

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.

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

Petty Cash Funds

During the audit, we noted the following regarding petty cash funds:

- The County Attorney received reimbursement for two claims, totaling \$291, for which no supporting documentation was provided to the County Board.
- The County Clerk received reimbursement for two claims, totaling \$1,624, for which no supporting documentation was provided to the County Board.
- The County Noxious Weed Department made a purchase on July 25, 2016, totaling \$2, which had not been submitted for reimbursement as of audit fieldwork in January 2018.
- The County Assessor does not have an authorized petty cash fund; however, during the fiscal year, a purchase of \$3 was made using collections. The County Assessor does not have the authority to make such purchases without County Board approval.

Neb Rev. Stat. § 23-106 (Reissue 2012) states, in relevant part, the following:

(1) The county board shall manage the county funds and county business except as otherwise specifically provided.

(2) 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.

Good internal control requires petty cash claims to be submitted in a timely manner and have adequate, detailed supporting documentation that provides evidence for the amounts claimed.

When claims are approved without adequate, detailed documentation providing evidence for the amounts claimed, there is an increased risk of loss, theft, or misuse of County funds.

We recommend all claims have timely, adequate, detailed supporting documentation to evidence amounts claimed. Furthermore, we recommend payments not be made from fee collections; however, if purchases are necessary, approval should be granted by the County Board for an approved petty cash fund.

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, 2017, has been dormant with no activity for several years.
- Collections for restitution were not disbursed to the proper individuals in a timely manner. Untimely disbursements were noted for 66 receipts, totaling \$4,884, in which payment was not made for a range of 43 to 206 days after receipt. Additionally, one receipt dated March 10, 2017, totaling \$188, had not been disbursed at the time of audit fieldwork in January 2018.

- As of June 30, 2017, 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 of funds. Furthermore, a good internal control plan and sound accounting practices require procedures for ensuring that money is disbursed to the proper individuals in a timely manner. Without such procedures, there is an increased risk of loss and/or misuse of funds. Lastly, 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. We further recommend the County Attorney implement procedures to ensure all money received is disbursed to the proper individuals in a timely manner.

COUNTY BOARD

Expenditures in Excess of Budget

The Adams Central Road Project Fund had expenditures of \$5,107 during the fiscal year without a budget being created for the fund.

Neb. Rev. Stat. § 23-916 (Reissue 2012) states, in relevant part, 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.

We recommend the County Board implement procedures to ensure claims are not approved over the adopted budget or until the budget can be amended.

Levy Authority

During our audit, we noted the County Board did not authorize levy authority to its political subdivisions prior to September 1st, as required by State statute.

Neb. Rev. Stat. § 77-3443(4) (Supp. 2017) provides the following:

Each county board, city council, village board, or council shall (a) adopt a resolution by a majority vote of members present which determines a final allocation of levy authority to its political subdivisions and (b) forward a copy of such resolution to the chairperson of the governing body of each of its political subdivisions. No final levy allocation shall be changed after September 1 except by agreement between both the county board, city council, village board, or council which determined the amount of the final levy allocation and the governing body of the political subdivision whose final levy allocation is at issue.

We recommend the County Board implement procedures to ensure that levy authority is approved prior to September 1st of each year.

Bidding Procedures

For one claim tested, we noted the County did not obtain bids in accordance with State statute. The County paid \$120,933 to Gee Asphalt on September 20, 2016, without obtaining bids.

Neb. Rev. Stat. § 23-3108(1) (Reissue 2012) provides, in relevant part, the following:

[P]urchases of personal property or services by the county board or purchasing agent shall be made: (a) Through the competitive sealed bidding process prescribed in section 23-3111 if the estimated value of the purchase is twenty thousand dollars or more[.]

When statutory bidding requirements are not followed, there is an increased risk for not only the loss or misuse of County funds but also noncompliance with the law.

We recommend the County Board implement procedures to ensure all purchases are made in accordance with applicable bidding requirements, as outlined in 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 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 ensure 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 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 Clerk's Response: We have requested the necessary reports many times from Mid-American Benefits, and while simply requesting the reports does not solve the issue of not having the necessary information, please let it be noted efforts were made by the county to receive the reports and the lack of those reports is not due to the negligence of the county.

Information regarding our self-insured health plan was not requested by the auditors until after they had returned to Lincoln. Prior to the audit I had obtained reports from Mid American benefits for the fiscal year July 1, 2016 – June 30, 2017. Admittedly it is not sufficient to receive these reports on a yearly basis however we kindly request it be noted the county does in fact make efforts to receive these reports.

Chip Volcek and I have already spoke to Mid American Benefits regarding this ongoing issue. We have been informed that every effort will be made by Mid American Benefits to send us monthly reports prior to the 15th of every month.

COUNTY CLERK

Insufficient Pledged Collateral

During our audit, we noted the County Clerk did not maintain securities to cover fully the deposits held in the Imprest bank account. The Imprest bank account was uncollateralized for five days during the fiscal year, with uncollateralized amounts ranging from \$308,677 to \$662,846. Additionally, collateral for this account is not being monitored by the County Clerk to ensure compliance with State statute.

Neb Rev. Stat. § 77-2395(1) (Reissue 2009) states, in relevant part, the following:

[T]he custodial official shall not have on deposit in such depository any public money or public funds in excess of the amount insured or guaranteed by the Federal Deposit Insurance Corporation, unless and until the depository has furnished to the custodial official securities, the market value of which are in an amount not less than one hundred two percent of the amount on deposit which is in excess of the amount so insured or guaranteed.

When adequate pledged collateral is not kept to cover bank accounts, the County Clerk is not in compliance with State statute, and there is an increased risk for the loss of funds.

We recommend the County Clerk closely monitor the account on high-volume days to ensure coverage is adequate to cover deposits fully.

COUNTY CLERK OF THE DISTRICT COURT

Review of Monthly Case Balance Report

We noted the Clerk of the District Court was not adequately reviewing the Case Balance report to ensure the balances were proper, and appropriate action was taken timely. Seven of 10 case balances tested were not correct and current:

- Four balances held, totaling \$407, were past due for being remitted to the State Treasurer as unclaimed property.
- One balance held, totaling \$35, had not been properly applied to unpaid costs.

- Two balances held, totaling \$150, were not paid out to the appropriate parties after the case had been resolved.

Neb. Rev. Stat. § 69-1307.01 (Reissue 2009) states the following:

Except as otherwise provided by law, all intangible personal property held for the owner by any court, public corporation, public authority, or public officer of this state, or a political subdivision thereof, that has remained unclaimed by the owner for more than three years is presumed abandoned.

Neb. Rev. Stat. § 69-1310 (Reissue 2009) states, in relevant part, the following:

(a) Every person holding funds or other property, tangible or intangible, presumed abandoned under the Uniform Disposition of Unclaimed Property Act shall report to the State Treasurer with respect to the property as hereinafter provided.

* * * *

(d) The report shall be filed before November 1 of each year as of June 30 next preceding The property must accompany the report unless excused by the State Treasurer for good cause. The State Treasurer may postpone the reporting date upon written request by any person required to file a report.

Good internal control and sound business practices require trust case balances of the District Court to be reviewed on an ongoing, timely basis to determine what action should be taken to resolve those balances.

When the Court’s monthly reports are not consistently reviewed in a timely manner, there is an increased risk of errors, omissions, or irregularities not being detected and resolved in a timely manner.

We strongly recommend the District Court perform a detailed review of all monthly financial reports, including the Monthly Case Balance Report, and resolve any unclaimed and/or unusual balances in a complete, accurate, and timely manner.

Review of Overdue Case Balance Report

We noted the Clerk of the District Court was not adequately reviewing the Overdue Case Balance Report to ensure the balances were proper, and appropriate action was taken timely. Seven of 10 case balances tested, totaling \$38,638, did not have subsequent action taken by the District Court to ensure collection and/or resolution of the balances. As of January 26, 2018, the report contained 1,222 overdue cases with a total owed of \$667,916. Of these 1,222 cases, only 7 cases had a current warrant or suspension issued for nonpayment. The below table summarizes the number of overdue cases and amounts by year:

Year Case Filed	Number of Cases	Amount Overdue
1997	74	\$ 26,955
1998	54	\$ 16,271
1999	61	\$ 23,238
2000	38	\$ 15,675
2001	46	\$ 19,570
2002	56	\$ 27,556

Year Case Filed	Number of Cases	Amount Overdue
2003	64	\$ 33,829
2004	48	\$ 23,049
2005	42	\$ 30,029
2006	28	\$ 15,691
2007	41	\$ 25,313
2008	35	\$ 16,420
2009	54	\$ 33,315
2010	48	\$ 33,259
2011	48	\$ 23,947
2012	96	\$ 44,616
2013	81	\$ 39,539
2014	87	\$ 48,262
2015	60	\$ 37,956
2016	87	\$ 79,692
2017	59	\$ 52,949
2018	15	\$ 785
	1,222	\$ 667,916

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

Without regular review of overdue case balances, there is an increased risk of loss, theft, or misuse of funds.

We recommend the District Court implement procedures to ensure the Overdue Case Balance Report is reviewed on an ongoing basis. Potential courses of action for follow up would include: 1) issuance of warrants; 2) judge's determination and order to waive certain costs, if allowable; or 3) declaration of certain balances as uncollectible.

Non-Monetary Receipts

Two of 15 non-monetary receipts tested, totaling \$2,401, were not appropriate. For one receipt, totaling \$158, information in the case indicated these costs should have been claimed to the County; however, the entire balance was waived. For one receipt, totaling \$2,243, the Court could not provide any documentation to support why this balance was waived.

Good internal control requires procedures to be in place to ensure that adequate supporting documentation is on file for non-monetary receipts, and costs are properly claimed to the County when required by Court order.

Without procedures to ensure amounts are properly claimed to the County, there is an increased risk required amounts due will not be collected. Additionally, when adequate supporting documentation is not available for all non-monetary receipts issued, there is an increased risk for the loss and/or misuse of funds.

We recommend procedures be implemented to ensure that all costs ordered to be claimed to the County are, in fact, claimed and that supporting documentation is maintained for all non-monetary receipts issued.

COUNTY SHERIFF

Balancing Procedures

We noted office records did not document a monthly asset-to-liability balancing, resulting in a shortage of \$1,343 at June 30, 2017.

Good internal controls require procedures 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.

Sheriff 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 2017, causing the account to be in excess of the approved amount by \$763.
- The revolving account was not being reimbursed in a timely manner and did not have original receipts. We noted purchases made throughout the year, totaling \$617, which were not claimed for reimbursement for 95 to 222 days after the expense was incurred. We also noted expenses of \$375 for which no supporting documentation was provided to the Board.
- The revolving account, authorized at \$3,000, had a book balance at June 30, 2017, of \$2,831. Information could not be provided at fiscal year end to determine unreimbursed purchases or support the \$163 shortage 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 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:

- A balance of \$50 in the Inmate/Bond account was remitted to the County Treasurer in error; instead, it should have remained in the account for petty cash.
- The origin of a \$150 deposit to the Inmate/Bond account in December 2016 could not be determined. The entire amount was remitted to the County Treasurer in June 2017.
- Cash receipts that were originally received in the jail were not remitted to the County Treasurer in a timely manner. These fees were routinely held for several months prior to remittance.

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.

The County Sheriff's failure to remit collections timely to the County Treasurer increases the risk of not only non-compliance with State statute but also the 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 TREASURER

Fines and License Distributions

Our audit revealed that, for seven months of the fiscal year, fines and license collections were not appropriately distributed to the school districts in accordance with the Department of Education census. The following table provides a summary of the errors noted:

School District	Over/(Under) Payment
Kenesaw Public Schools	\$ (926)
Hastings Public Schools	\$ (2,148)
Adams Central Public Schools	\$ 709
Silver Lake Public Schools	\$ 2,479
Doniphan-Trumbull Public Schools	\$ (410)
Blue Hill Public Schools	\$ 118
Minden Public	\$ 51
South Central Unified	\$ 102
Shelton Public Schools	\$ 25

Neb. Rev. Stat. § 79-1037 (Reissue 2014) states, in relevant part, the following:

[A]ll money received by the county treasurer of his or her county on account of fines and licenses . . . shall be distributed to the several districts of the county pro rata according to the enumeration of those children who are five through eighteen years of age for which the district is obligated to report on the census last returned by the districts.

When fines and license collections are not distributed appropriately, the County is not only non-compliant with State statute but also at risk for the loss, theft, or misuse of funds.

We recommend the County Treasurer implement procedures to ensure fines and license collections are appropriately distributed.

County Treasurer's Response: The error was due to a computer programming malfunction, which was pulling incorrect data. Before the audit was complete, the program had been corrected and funds were redistributed to the correct entities. The computer program has been fixed, this error will not occur again.

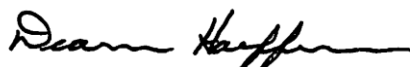
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It should be noted this report is critical in nature, as it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any strong features of the County.

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. All formal responses received have been incorporated into this report. Where no response has been included, the County declined to respond. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next audit.

This report is intended solely for the information and use of the County, the appropriate Federal and regulatory agencies, and citizens of the State of Nebraska, and 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, CPA
Assistant Deputy Auditor