

**AUDIT REPORT
OF
ADAMS COUNTY**

JULY 1, 2017, THROUGH JUNE 30, 2018

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

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

Issued on January 28, 2019

ADAMS COUNTY

TABLE OF CONTENTS

	<u>Page</u>
List of County Officials	1
Financial Section	
Independent Auditor's Report	2 - 3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position - Cash Basis	4
Statement of Activities - Cash Basis	5
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds	6
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Governmental Funds	7
Statement of Cash Basis Net Position - Fiduciary Funds	8
Notes to Financial Statements	9 - 18
Combining Statements and Schedules:	
Budgetary Comparison Schedule - Budget and Actual - General Fund	19 - 20
Budgetary Comparison Schedule - Budget and Actual - Major Funds	21
Budgetary Comparison Schedule - Budget and Actual - Nonmajor Funds	22 - 24
Combining Statement of Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Nonmajor Governmental Funds	25 - 27
Schedule of Office Activities	28 - 29
Schedule of Taxes Certified and Collected for All Political Subdivisions in the County	30
Government Auditing Standards Section	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	31 - 32

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

LIST OF COUNTY OFFICIALS
At June 30, 2018

<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	
Clerk of the District Court	Chrystine Setlik	Jan. 2019
Sheriff	Gregg Magee	Jan. 2019
Treasurer	Melanie Curry	Jan. 2019
Veterans' Service Officer	Chris Long	Appointed
Weed Superintendent	Eric Walston	Appointed
Highway Superintendent	Dawn Miller	Appointed
Planning and Zoning	Judy Mignery	Appointed
Public Defender	Shon Leiske	Appointed
Surveyor	Tom Krueger	Appointed
Emergency Manager - Interim	Dawna Whitcomb	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, 2018, 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, 2018, 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.

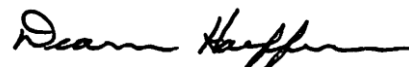
Report on Supplementary Information

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 19-30, 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 January 24, 2019, 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

January 24, 2019

ADAMS COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2018

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 4,772,445
Investments (Note 1.D)	3,391,940
TOTAL ASSETS	\$ 8,164,385
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 340,708
Drug Education	903
Preservation of Records	60,605
Debt Service	739,546
Unrestricted	7,022,623
TOTAL NET POSITION	\$ 8,164,385

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, 2018

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	\$ (5,573,435)	\$ 1,010,698	\$ 51,577	\$ (4,511,160)
Public Safety	(5,730,104)	214,273	367,567	(5,148,264)
Public Works	(5,754,154)	-	2,428,264	(3,325,890)
Public Assistance	(197,689)	-	-	(197,689)
Culture and Recreation	(276,963)	-	-	(276,963)
Debt Payments	(988,505)	-	-	(988,505)
Total Governmental Activities	<u><u>\$ (18,520,850)</u></u>	<u><u>\$ 1,224,971</u></u>	<u><u>\$ 2,847,408</u></u>	<u><u>(14,448,471)</u></u>

General Receipts:

Property Taxes	12,175,243
Grants and Contributions Not Restricted to Specific Programs	1,243,170
Investment Income	72,942
Licenses and Permits	118,739
Miscellaneous	342,188
Total General Receipts	<u><u>13,952,282</u></u>
Increase in Net Position	(496,189)
Net Position - Beginning of year	8,660,574
Net Position - End of year	<u><u>\$ 8,164,385</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, 2018

	General Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents (Note 1.D)	\$ 2,549,185	\$ 80,476	\$ 2,142,784	\$ 4,772,445
Investments (Note 1.D)	-	3,391,940	-	3,391,940
TOTAL ASSETS	\$ 2,549,185	\$ 3,472,416	\$ 2,142,784	\$ 8,164,385
 FUND BALANCES				
Restricted for:				
Visitor Promotion	-	-	340,708	340,708
Drug Education	-	-	903	903
Preservation of Records	-	-	60,605	60,605
Debt Service	-	-	739,546	739,546
Committed to:				
Law Enforcement	-	-	82,137	82,137
Road Maintenance & Equipment	-	-	474,930	474,930
Aid and Assistance	-	-	2	2
County Buildings	-	-	71,135	71,135
Self Insurance	-	-	133,646	133,646
Library Services	-	-	73,252	73,252
Office Furnishings, Supplies, & Equipment	-	-	106,454	106,454
Assigned to:				
Other Purposes	-	3,472,416	59,466	3,531,882
Unassigned	2,549,185	-	-	2,549,185
TOTAL CASH BASIS FUND BALANCES	\$ 2,549,185	\$ 3,472,416	\$ 2,142,784	\$ 8,164,385

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, 2018

	General Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS				
Property Taxes	\$9,896,239	\$ 1,362,059	\$ 916,945	\$ 12,175,243
Licenses and Permits	118,739	-	-	118,739
Investment Income	72,942	-	-	72,942
Intergovernmental	3,976,491	-	114,087	4,090,578
Charges for Services	1,207,979	270	16,722	1,224,971
Miscellaneous	342,188	-	-	342,188
TOTAL RECEIPTS	<u>15,614,578</u>	<u>1,362,329</u>	<u>1,047,754</u>	<u>18,024,661</u>
DISBURSEMENTS				
General Government	5,404,457	38,248	130,730	5,573,435
Public Safety	5,432,293	-	297,811	5,730,104
Public Works	4,513,129	-	1,241,025	5,754,154
Public Assistance	194,503	-	3,186	197,689
Culture and Recreation	-	12,400	264,563	276,963
Debt Service:				
Principal Payments	-	-	945,000	945,000
Interest and Fiscal Charges	-	-	43,505	43,505
TOTAL DISBURSEMENTS	<u>15,544,382</u>	<u>50,648</u>	<u>2,925,820</u>	<u>18,520,850</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>70,196</u>	<u>1,311,681</u>	<u>(1,878,066)</u>	<u>(496,189)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,071,191	-	1,197,144	2,268,335
Transfers out	<u>(1,193,958)</u>	<u>(1,003,186)</u>	<u>(71,191)</u>	<u>(2,268,335)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(122,767)</u>	<u>(1,003,186)</u>	<u>1,125,953</u>	<u>-</u>
Net Change in Fund Balances	(52,571)	308,495	(752,113)	(496,189)
CASH BASIS FUND BALANCES - BEGINNING				
	<u>2,601,756</u>	<u>3,163,921</u>	<u>2,894,897</u>	<u>8,660,574</u>
CASH BASIS FUND BALANCES - ENDING				
	<u><u>\$2,549,185</u></u>	<u><u>\$ 3,472,416</u></u>	<u><u>\$ 2,142,784</u></u>	<u><u>\$ 8,164,385</u></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, 2018

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 1,616,423
Investments (Note 1.D)	605,137
TOTAL ASSETS	\$ 2,221,560
 LIABILITIES	
Due to other governments	
State	614,663
Schools	574,252
Educational Service Units	5,062
Technical College	31,783
Natural Resource Districts	6,552
Fire Districts	2,733
Municipalities	181,406
Agricultural Society	6,017
Townships	57,157
Sanitary and Improvement Districts	118,850
Others	623,085
TOTAL LIABILITIES	2,221,560
 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, 2018

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. The County is also considered financially accountable if an organization is fiscally dependent on and there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

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 \$80,894 toward the operation of the Region during fiscal year 2018. 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 2018. 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 that 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 Net Position presents the County’s non-fiduciary assets in two categories:

Restricted. This category results when constraints are externally imposed on net asset use by creditors, grantors, or contributors, or imposed by law through constitutional provisions or enabling legislation. 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.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Unrestricted. This category represents resources that do not meet the definition of the preceding category. Unrestricted resources often have constraints on resources that are imposed by management, but those constraints can be removed or modified.

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.

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.

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.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 \$1,141,762 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.

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 \$4,772,445 for County funds and \$1,616,423 for Fiduciary funds. The bank balances for all funds totaled \$6,974,888. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2018, 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 \$3,391,940 deposited in the Nebraska Public Agency Investment Trust (NPAIT). The County also held deposits in NPAIT of \$605,137 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.

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.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. Property Taxes (Concluded)

The levy set in October 2017, for the 2017 taxes, which will be materially collected in May and September 2018, was set at \$.267014/\$100 of assessed valuation. The levy set in October 2016, for the 2016 taxes, which were materially collected in May and September 2017, was set at \$.271119/\$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 (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.

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, 2018, 163 employees contributed \$286,185, and the County contributed \$424,910. Contributions included \$9,691 in cash contributions towards the supplemental law enforcement plan for 16 law enforcement employees. Lastly, the County paid \$230 directly to three retired employees for prior service benefits.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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 91 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 for an additional contribution. 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

The County has not paid any additional assessments to the pool or paid out any amounts that exceeded coverage provided by the pool in the last three fiscal years. There were no significant reductions in insurance coverage from the prior year coverage.

6. **Interfund Transfers**

Interfund transfers for the year ended June 30, 2018, consisted of the following:

<u>Transfers to</u>	<u>Transfers from</u>			<u>Total</u>
	General Fund	Inheritance Fund	Nonmajor Funds	
General Fund	\$ -	\$ 1,000,000	\$ 71,191	\$ 1,071,191
Nonmajor Funds	1,193,958	3,186	-	1,197,144
Total	<u>\$ 1,193,958</u>	<u>\$ 1,003,186</u>	<u>\$ 71,191</u>	<u>\$ 2,268,335</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. **Long-Term Debt**

Highway Allocation Construction 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, 2018, was \$1,805,000. 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	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 1,805,000</u>	<u>\$ 50,768</u>	<u>\$ 1,855,768</u>

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, 2018, was \$1,025,000. 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>
2019	\$ 510,000	\$ 10,143	\$ 520,143
2020	515,000	3,605	518,605
Total Payments	<u>\$ 1,025,000</u>	<u>\$ 13,748</u>	<u>\$ 1,038,748</u>

Highway Allocation Road Bonds. The County issued bonds on July 16, 2018, in the amount of \$795,000 to pay the construction costs of certain roads within Adams County for the Southeast Truck Route. 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.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

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

Future Payments:

Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	\$ 18,018	\$ 18,018
2020	-	19,716	19,716
2021	255,000	16,554	271,554
2022	265,000	10,106	275,106
2023	275,000	3,410	278,410
Total Payments	<u>\$ 795,000</u>	<u>\$ 67,804</u>	<u>\$ 862,804</u>

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 10,638,596	\$ 10,638,596	\$ 9,896,239	\$ (742,357)
Licenses and Permits	108,550	108,550	118,739	10,189
Interest	30,000	30,000	72,942	42,942
Intergovernmental	3,542,594	3,542,594	3,976,491	433,897
Charges for Services	1,114,500	1,114,500	1,207,979	93,479
Miscellaneous	46,600	46,600	342,188	295,588
TOTAL RECEIPTS	15,480,840	15,480,840	15,614,578	133,738
DISBURSEMENTS				
General Government:				
County Board	229,455	229,455	225,599	3,856
County Clerk	306,862	306,862	298,552	8,310
County Treasurer	591,186	591,186	539,169	52,017
Register of Deeds	269,010	269,010	259,880	9,130
County Assessor	506,633	506,633	471,025	35,608
Election Commissioner	64,655	64,655	41,693	22,962
Building and Zoning	61,927	61,927	53,975	7,952
Data Processing	262,056	262,056	240,614	21,442
Clerk of the District Court	490,761	490,761	427,231	63,530
County Court System	198,000	198,000	151,768	46,232
District Judge	48,772	48,772	45,263	3,509
Public Defender	926,544	996,261	996,261	-
Building and Grounds	454,800	489,247	489,246	1
Special Elections	39,268	39,268	34,772	4,496
Agricultural Extension Agent	212,917	212,917	189,096	23,821
Microfilm	10,996	10,996	10,656	340
Building Security	77,000	77,000	36,803	40,197
Miscellaneous	908,789	908,789	892,854	15,935
Public Safety				
County Sheriff	2,175,990	2,175,990	1,769,089	406,901
County Attorney	1,192,513	1,192,513	1,110,323	82,190
Communication Center	124,200	124,200	67,384	56,816
County Jail	2,585,757	2,481,593	2,044,112	437,481
Emergency Management	662,589	662,589	327,174	335,415
Adult Probation Officer	62,282	62,282	51,711	10,571
Ambulance and Resuce	62,500	62,500	62,500	-
Public Works				
County Surveyor	31,984	31,984	26,455	5,529
Noxious Weed Control	93,048	93,048	73,841	19,207
Highway Department	5,069,406	5,069,406	4,412,833	656,573

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DISBURSEMENTS (Continued)				
Public Assistance				
Veterans' Service Officer	181,487	181,487	176,335	5,152
Relief	35,000	35,000	18,168	16,832
TOTAL DISBURSEMENTS	<u>17,936,387</u>	<u>17,936,387</u>	<u>15,544,382</u>	<u>2,392,005</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(2,455,547)</u>	<u>(2,455,547)</u>	<u>70,196</u>	<u>2,525,743</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,071,191	1,071,191	1,071,191	-
Transfers out	(467,400)	(467,400)	(1,193,958)	(726,558)
TOTAL OTHER FINANCING SOURCES (USES)	<u>603,791</u>	<u>603,791</u>	<u>(122,767)</u>	<u>(726,558)</u>
Net Change in Fund Balance	(1,851,756)	(1,851,756)	(52,571)	1,799,185
FUND BALANCE - BEGINNING	<u>2,601,756</u>	<u>2,601,756</u>	<u>2,601,756</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 750,000</u>	<u>\$ 750,000</u>	<u>\$ 2,549,185</u>	<u>\$ 1,799,185</u>

(Concluded)

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 800,000	\$ 800,000	\$1,362,059	\$ 562,059
Charges for Services	-	-	270	270
TOTAL RECEIPTS	<u>800,000</u>	<u>800,000</u>	<u>1,362,329</u>	<u>562,329</u>
DISBURSEMENTS	<u>2,960,736</u>	<u>2,960,736</u>	<u>50,648</u>	<u>2,910,088</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(2,160,736)</u>	<u>(2,160,736)</u>	<u>1,311,681</u>	<u>3,472,417</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(1,003,185)	(1,003,185)	(1,003,186)	(1)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,003,185)</u>	<u>(1,003,185)</u>	<u>(1,003,186)</u>	<u>(1)</u>
Net Change in Fund Balance	(3,163,921)	(3,163,921)	308,495	3,472,416
FUND BALANCE - BEGINNING	<u>3,163,921</u>	<u>3,163,921</u>	<u>3,163,921</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,472,416</u>	<u>\$ 3,472,416</u>

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VISITORS PROMOTION FUND				
Receipts	\$ 110,000	\$ 110,000	\$ 142,925	\$ 32,925
Disbursements	(182,503)	(182,503)	(92,814)	89,689
Net Change in Fund Balance	(72,503)	(72,503)	50,111	122,614
Fund Balance - Beginning	72,503	72,503	72,503	-
Fund Balance - Ending	\$ -	\$ -	\$ 122,614	\$ 122,614
VISITORS IMPROVEMENT FUND				
Receipts	\$ 47,000	\$ 47,000	\$ 71,462	\$ 24,462
Disbursements	(208,037)	(208,037)	(14,405)	193,632
Net Change in Fund Balance	(161,037)	(161,037)	57,057	218,094
Fund Balance - Beginning	161,037	161,037	161,037	-
Fund Balance - Ending	\$ -	\$ -	\$ 218,094	\$ 218,094
PRESERVATION AND MODERNIZATION FUND				
Receipts	\$ 17,000	\$ 17,000	\$ 16,722	\$ (278)
Disbursements	(63,922)	(63,922)	(3,039)	60,883
Net Change in Fund Balance	(46,922)	(46,922)	13,683	60,605
Fund Balance - Beginning	46,922	46,922	46,922	-
Fund Balance - Ending	\$ -	\$ -	\$ 60,605	\$ 60,605
HEALTH FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(135,851)	(135,851)	(2,205)	133,646
Net Change in Fund Balance	(135,851)	(135,851)	(2,205)	133,646
Fund Balance - Beginning	135,851	135,851	135,851	-
Fund Balance - Ending	\$ -	\$ -	\$ 133,646	\$ 133,646
VETERANS' AID FUND				
Receipts	\$ -	\$ -	\$ 1	\$ 1
Disbursements	(3,186)	(3,186)	(3,186)	-
Transfers in	3,185	3,185	3,186	1
Transfers out	-	-	-	-
Net Change in Fund Balance	(1)	(1)	1	2
Fund Balance - Beginning	1	1	1	-
Fund Balance - Ending	\$ -	\$ -	\$ 2	\$ 2

(Continued)

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
LIBRARY FUND				
Receipts	\$ 154,286	\$ 154,286	\$ 144,810	\$ (9,476)
Disbursements	(167,732)	(167,732)	(157,344)	10,388
Net Change in Fund Balance	(13,446)	(13,446)	(12,534)	912
Fund Balance - Beginning	13,446	13,446	13,446	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 912</u>	<u>\$ 912</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	\$ 40,946	\$ (19,054)
Disbursements	(316,189)	(316,189)	(297,135)	19,054
Net Change in Fund Balance	(256,189)	(256,189)	(256,189)	-
Fund Balance - Beginning	256,189	256,189	256,189	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
REGIONAL EMERGENCY MANAGEMENT FUND				
Receipts	\$ 9,000	\$ 9,000	\$ 1,500	\$ (7,500)
Disbursements	(16,232)	(16,232)	(676)	15,556
Net Change in Fund Balance	(7,232)	(7,232)	824	8,056
Fund Balance - Beginning	7,232	7,232	7,232	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,056</u>	<u>\$ 8,056</u>

(Continued)

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
HIGHWAY BOND FUND				
Receipts	\$ 482,427	\$ 482,427	\$ 576,320	\$ 93,893
Disbursements	(1,634,200)	(1,634,200)	(988,505)	645,695
Transfers in	467,400	467,400	467,358	(42)
Transfers out	-	-	-	-
Net Change in Fund Balance	(684,373)	(684,373)	55,173	739,546
Fund Balance - Beginning	684,373	684,373	684,373	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 739,546</u>	<u>\$ 739,546</u>
ADAMS CENTRAL ROAD PROJECT FUND				
Receipts	\$ 63,481	\$ 63,481	\$ 53,068	\$ (10,413)
Disbursements	(457,400)	(457,400)	(446,987)	10,413
Net Change in Fund Balance	(393,919)	(393,919)	(393,919)	-
Fund Balance - Beginning	393,919	393,919	393,919	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
ESCROW HOLDING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(978,990)	(978,990)	(919,524)	59,466
Transfers in	-	-	726,600	726,600
Transfers out	(71,191)	(71,191)	(71,191)	-
Net Change in Fund Balance	(1,050,181)	(1,050,181)	(264,115)	786,066
Fund Balance - Beginning	1,050,181	1,050,181	1,050,181	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 786,066</u>	<u>\$ 786,066</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, 2018

	Visitors Promotion Fund	Visitors Improvement Fund	Preservation and Modernization Fund	Health Fund	Veterans' Aid Fund
RECEIPTS					
Property Taxes	\$ 142,925	\$ 71,462	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	1
Charges for Services	-	-	16,722	-	-
TOTAL RECEIPTS	<u>142,925</u>	<u>71,462</u>	<u>16,722</u>	<u>-</u>	<u>1</u>
DISBURSEMENTS					
General Government	-	-	3,039	2,205	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Public Assistance	-	-	-	-	3,186
Culture and Recreation	92,814	14,405	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>92,814</u>	<u>14,405</u>	<u>3,039</u>	<u>2,205</u>	<u>3,186</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>50,111</u>	<u>57,057</u>	<u>13,683</u>	<u>(2,205)</u>	<u>(3,185)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	3,186
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,186</u>
Net Change in Fund Balances	50,111	57,057	13,683	(2,205)	1
FUND BALANCES - BEGINNING	<u>72,503</u>	<u>161,037</u>	<u>46,922</u>	<u>135,851</u>	<u>1</u>
FUND BALANCES - ENDING	<u>\$ 122,614</u>	<u>\$ 218,094</u>	<u>\$ 60,605</u>	<u>\$ 133,646</u>	<u>\$ 2</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	122,614	218,094	-	-	-
Drug Education	-	-	-	-	-
Preservation of Records	-	-	60,605	-	-
Debt Service	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Road Maintenance & Equipment	-	-	-	-	-
Aid and Assistance	-	-	-	-	2
County Buildings	-	-	-	-	-
Self Insurance	-	-	-	133,646	-
Library Services	-	-	-	-	-
Office Furnishings, Supplies, & Equipment	-	-	-	-	-
Assigned to:					
TOTAL FUND BALANCES	<u>\$ 122,614</u>	<u>\$ 218,094</u>	<u>\$ 60,605</u>	<u>\$ 133,646</u>	<u>\$ 2</u>

(Continued)

ADAMS COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	Library Fund	Bookmobile Fund	Drug Law Enforcement and Education Fund	911 Emergency Management Fund	Regional Emergency Management Fund
RECEIPTS					
Property Taxes	\$131,051	\$ -	\$ -	\$ 40,946	\$ -
Intergovernmental	13,759	-	-	-	1,500
Charges for Services	-	-	-	-	-
TOTAL RECEIPTS	144,810	-	-	40,946	1,500
DISBURSEMENTS					
General Government	-	-	-	-	-
Public Safety	-	-	-	297,135	676
Public Works	-	-	-	-	-
Public Assistance	-	-	-	-	-
Culture and Recreation	157,344	-	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	157,344	-	-	297,135	676
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(12,534)	-	-	(256,189)	824
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
Net Change in Fund Balances	(12,534)	-	-	(256,189)	824
FUND BALANCES - BEGINNING	13,446	72,340	903	256,189	7,232
FUND BALANCES - ENDING	\$ 912	\$ 72,340	\$ 903	\$ -	\$ 8,056
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
Drug Education	-	-	903	-	-
Preservation of Records	-	-	-	-	-
Debt Service	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	8,056
Road Maintenance & Equipment	-	-	-	-	-
Aid and Assistance	-	-	-	-	-
County Buildings	-	-	-	-	-
Self Insurance	-	-	-	-	-
Library Services	912	72,340	-	-	-
Office Furnishings, Supplies, & Equipment	-	-	-	-	-
Assigned to:					
TOTAL FUND BALANCES	\$ 912	\$ 72,340	\$ 903	\$ -	\$ 8,056

(Continued)

ADAMS COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	Highway Bond Fund	Adams Central Road Project Fund	Escrow Holding Fund	Total Nonmajor Governmental Funds
RECEIPTS				
Property Taxes	\$ 530,561	\$ -	\$ -	\$ 916,945
Intergovernmental	45,759	53,068	-	114,087
Charges for Services	-	-	-	16,722
TOTAL RECEIPTS	<u>576,320</u>	<u>53,068</u>	<u>-</u>	<u>1,047,754</u>
DISBURSEMENTS				
General Government	-	-	125,486	130,730
Public Safety	-	-	-	297,811
Public Works	-	446,987	794,038	1,241,025
Public Assistance	-	-	-	3,186
Culture and Recreation	-	-	-	264,563
Debt Service:				
Principal Payments	945,000	-	-	945,000
Interest and Fiscal Charges	43,505	-	-	43,505
TOTAL DISBURSEMENTS	<u>988,505</u>	<u>446,987</u>	<u>919,524</u>	<u>2,925,820</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(412,185)</u>	<u>(393,919)</u>	<u>(919,524)</u>	<u>(1,878,066)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	467,358	-	726,600	1,197,144
Transfers out	-	-	(71,191)	(71,191)
TOTAL OTHER FINANCING SOURCES (USES)	<u>467,358</u>	<u>-</u>	<u>655,409</u>	<u>1,125,953</u>
Net Change in Fund Balances	55,173	(393,919)	(264,115)	(752,113)
FUND BALANCES - BEGINNING	<u>684,373</u>	<u>393,919</u>	<u>1,050,181</u>	<u>2,894,897</u>
FUND BALANCES - ENDING	<u>\$ 739,546</u>	<u>\$ -</u>	<u>\$ 786,066</u>	<u>\$ 2,142,784</u>
FUND BALANCES:				
Restricted for:				
Visitor Promotion	-	-	-	340,708
Drug Education	-	-	-	903
Preservation of Records	-	-	-	60,605
Debt Service	739,546	-	-	739,546
Committed to:				
Law Enforcement	-	-	74,081	82,137
Road Maintenance & Equipment	-	-	474,930	474,930
Aid and Assistance	-	-	-	2
County Buildings	-	-	71,135	71,135
Self Insurance	-	-	-	133,646
Library Services	-	-	-	73,252
Office Furnishings, Supplies, & Equipment	-	-	106,454	106,454
Assigned to:			59,466	59,466
TOTAL FUND BALANCES	<u>\$ 739,546</u>	<u>\$ -</u>	<u>\$ 786,066</u>	<u>\$ 2,142,784</u>

(Concluded)

ADAMS COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2018

	County Clerk	Register of Deeds	Clerk of the District Court	County Sheriff	County Attorney	Weed Superintendent
BALANCES JULY 1, 2017	\$ 2,698	\$ 41,262	\$ 102,165	\$ 42,348	\$ 7,535	\$ 25
RECEIPTS						
Licenses and Permits	6,025	-	-	2,495	-	-
Intergovernmental	-	-	-	-	-	-
Charges for Services	12,221	170,457	64,516	177,808	510	3,061
Miscellaneous	1,922	640	-	-	1,180	10
State Fees	-	196,309	64,172	-	-	-
Other Liabilities	-	-	2,094,751	220,607	26,410	-
TOTAL RECEIPTS	<u>20,168</u>	<u>367,406</u>	<u>2,223,439</u>	<u>400,910</u>	<u>28,100</u>	<u>3,071</u>
DISBURSEMENTS						
Payments to County Treasurer	18,750	172,516	64,300	184,544	530	3,061
Payments to State Treasurer	-	196,834	56,731	-	-	-
Other Liabilities	1,922	646	1,582,332	221,144	29,606	10
TOTAL DISBURSEMENTS	<u>20,672</u>	<u>369,996</u>	<u>1,703,363</u>	<u>405,688</u>	<u>30,136</u>	<u>3,071</u>
BALANCES JUNE 30, 2018	<u>\$ 2,194</u>	<u>\$ 38,672</u>	<u>\$ 622,241</u>	<u>\$ 37,570</u>	<u>\$ 5,499</u>	<u>\$ 25</u>
BALANCES CONSIST OF:						
Due to County Treasurer	\$ 944	\$ 17,325	\$ 3,446	\$ 23,930	\$ 2,987	\$ -
Petty Cash	1,250	-	-	13,600	2,000	25
Due to State Treasurer	-	21,347	7,907	-	-	-
Due to Others	-	-	610,888	40	512	-
BALANCES JUNE 30, 2018	<u>\$ 2,194</u>	<u>\$ 38,672</u>	<u>\$ 622,241</u>	<u>\$ 37,570</u>	<u>\$ 5,499</u>	<u>\$ 25</u>

(Continued)

ADAMS COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2018

	Highway Superintendent	Veterans' Service Officer	County Assessor	County Planning and Zoning	County Historical Society	Total
BALANCES JULY 1, 2017	\$ 200	\$ 3,114	\$ 15	\$ 25	\$ -	\$ 199,387
RECEIPTS						
Licenses and Permits	3,200	-	-	4,953	-	16,673
Intergovernmental	123,786	3,186	-	19,579	12,400	158,951
Charges for Services	16,224	-	-	-	-	444,797
Miscellaneous	80,606	-	38	-	168,629	253,025
State Fees	-	-	-	-	-	260,481
Other Liabilities	-	-	-	-	-	2,341,768
TOTAL RECEIPTS	223,816	3,186	38	24,532	181,029	3,475,695
DISBURSEMENTS						
Payments to County Treasurer	223,230	-	50	24,532	-	691,513
Payments to State Treasurer	-	-	-	-	-	253,565
Other Liabilities	586	3,456	-	-	40,510	1,880,212
TOTAL DISBURSEMENTS	223,816	3,456	50	24,532	40,510	2,825,290
BALANCES JUNE 30, 2018	<u>\$ 200</u>	<u>\$ 2,844</u>	<u>\$ 3</u>	<u>\$ 25</u>	<u>\$ 140,519</u>	<u>\$ 849,792</u>
BALANCES CONSIST OF:						
Due to County Treasurer	\$ -	\$ 2,844	\$ 3	\$ -	\$ -	\$ 51,479
Petty Cash	200	-	-	25	-	17,100
Due to State Treasurer	-	-	-	-	-	29,254
Due to Others	-	-	-	-	140,519	751,959
BALANCES JUNE 30, 2018	<u>\$ 200</u>	<u>\$ 2,844</u>	<u>\$ 3</u>	<u>\$ 25</u>	<u>\$ 140,519</u>	<u>\$ 849,792</u>

(Concluded)

ADAMS COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2018

Item	2013	2014	2015	2016	2017
Tax Certified by Assessor					
Real Estate	\$ 42,339,163	\$ 45,150,666	\$ 45,502,032	\$ 49,135,828	\$ 50,136,983
Personal and Specials	3,376,698	3,101,026	2,740,917	2,795,163	3,545,569
Total	45,715,861	48,251,692	48,242,949	51,930,991	53,682,552
Corrections					
Additions	85,488	25,861	31,998	36,842	17,299
Deductions	(40,135)	(35,873)	(52,695)	(61,487)	(54,302)
Net Additions/ (Deductions)	45,353	(10,012)	(20,697)	(24,645)	(37,003)
Corrected Certified Tax	45,761,214	48,241,680	48,222,252	51,906,346	53,645,549
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2014	28,486,052	-	-	-	-
June 30, 2015	17,250,743	30,399,523	-	-	-
June 30, 2016	7,838	17,811,412	30,390,081	-	-
June 30, 2017	6,067	14,133	17,794,178	32,610,155	-
June 30, 2018	2,865	3,903	20,905	19,265,989	33,995,585
Total Net Collections	45,753,565	48,228,971	48,205,164	51,876,144	33,995,585
Total Uncollected Tax	\$ 7,649	\$ 12,709	\$ 17,088	\$ 30,202	\$ 19,649,964
Percentage Uncollected Tax	0.02%	0.03%	0.04%	0.06%	36.63%

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, 2018, and the related notes to the financial statements, which collectively comprise Adams County's basic financial statements, and have issued our report thereon dated January 24, 2019. 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

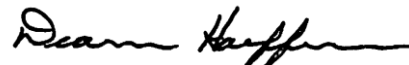
We also noted certain matters that we reported to the management of Adams County in a separate letter dated January 24, 2019.

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

January 24, 2019



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

January 24, 2019

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, 2018, and have issued our report thereon dated January 24, 2019. 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 Reimbursements

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

- The County Clerk received reimbursement for two claims, totaling \$502, for which no supporting documentation was provided to the County Board.
- The County Attorney received reimbursement for four receipts, totaling \$150, which were not reimbursed in a timely manner. Reimbursement was claimed for a period ranging from 98 to 169 days after the expenses were incurred.
- The County Attorney received reimbursement for one receipt, totaling \$112, for which original supporting documentation was not provided to the County Board.
- The County Sheriff received reimbursement for two claims, totaling \$880, for which no supporting documentation was provided to the County Board.
- The County Sheriff received reimbursement for five receipts, totaling \$748, which were not reimbursed in a timely manner. Reimbursement was claimed for a period ranging from 105 to 231 days after the expenses were incurred.

Neb. Rev. Stat. § 23-135(1) (Reissue 2012) states, in relevant part, “All claims against a county shall be filed with the county clerk within ninety days from the time when any materials or labor, which form the basis of the claims, have been furnished or performed”

Good internal control requires procedures to ensure that all petty cash reimbursement requests are submitted timely and are accompanied by proper supporting documentation.

Without such procedures, there is an increased risk for not only the loss or misuse of funds but also the Board’s denial of claims.

We recommend the Board implement procedures to ensure that all petty cash reimbursement requests are submitted timely and are accompanied by proper supporting documentation.

COUNTY ATTORNEY

Office Accountability

During our audit, the following was noted:

- Collections for restitution were not disbursed to the proper individuals in a timely manner. Untimely disbursements, totaling \$7,396, were noted for 49 receipts; those disbursements were delayed from two months to six months after receipt. Additionally, the following receipts had yet to be distributed at the time of the audit field work in December 2018:

Receipt Date	Amount
August 6, 2014	\$ 13
March 10, 2017	\$ 188
February 12, 2018	\$ 15
May 7, 2018	\$ 15
Total	\$ 231

- As of June 30, 2018, the proper recipient of \$141 in trust funds could not be determined.
- The office was not completing a monthly asset-to-liability reconciliation. Consequently, excess funds, totaling \$12, were held in the bank account as of June 30, 2018. These excess funds were claimed to the County Board during the year without support.

A good internal control plan and sound accounting practices require procedures for ensuring that money is disbursed promptly to the appropriate individuals. Those same procedures should ensure also that the recipients of all trust funds are properly designated. Lastly, the procedures should entail a periodic reconciliation of office assets to office liabilities to ensure that all balances held are accurate and current, and any variances noted should be corrected in a timely manner.

Without such procedures, there is an increased risk for the loss, theft, or misuse of funds.

Similar issues have been noted in prior audits.

We recommend the County Attorney implement procedures to ensure the following: 1) money is disbursed promptly to the appropriate individuals; 2) recipients of trust funds are properly designated; and 3) periodic reconciliations are performed of office assets to office liabilities, and any variances noted are corrected in a timely manner.

COUNTY BOARD

Claim Documentation Procedures

During the audit, we noted the following in relation to claims paid:

- The County lacked adequate documentation to support a \$12,400 claim paid to the Adams County Historical Society (Society). The County provides budget assistance to the Society; however, the County Board received no financial statements or other verification for how that funding is used.
- One claim, totaling \$6,896, was paid to the Buffalo County Sheriff for inmate boarding; however, the County Board lacked a contract to verify the accuracy of the amount charged or to require proper supporting documentation for it.

Good internal controls and sound business practice require procedures to ensure that recipients of County funding provide documentation to support the proper use of those public monies. Those same procedures should ensure also that contracts are in place to validate and support all amounts paid by the County for ongoing services provided.

Without such procedures, there is an increased risk for the loss, theft, or misuse of County funds.

We recommend the County Board implement procedures requiring recipients of County funding to provide timely, adequate, and detailed supporting documentation for all claims paid. Those same procedures should ensure also that contracts are in place to validate and support all amounts paid by the County for ongoing services provided.

County Board's Response: The Adams County Historical Society will be presenting their annual report in the spring of each year to verify how budget assistance to the Society was spent. Other Miscellaneous groups (Asaap, Revive, etc) have agreed to give reports on how funds are being spent. The newly elected County Sheriff is putting a contract together for inmate boarding.

Self-Insurance

During our audit, we noted that a County bank account maintained to pay self-insured health insurance claims was subject to limited oversight and reconciliation procedures.

- Mid-American Benefits, a third-party administrator of the insurance claims, has been authorized to withdraw money from the County's bank account without the prior or subsequent approval of the County Board.
- The County does not reconcile the bank account to County records; instead, the County relies on a reconciliation performed by Mid-American Benefits. The County was unable to verify that a book balance provided by Mid-American Benefits was accurate per County records as of June 30, 2018.
- Due to the limited County oversight, the County was unable to provide information regarding the holder of pledged securities, or even if securities exist for the account. Without securities, the bank account was uncollateralized for 140 days during the fiscal year, ranging from \$3,520 to \$228,022 over FDIC Coverage.

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 [FDIC], 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.

Additionally, good internal control and sound accounting practices require procedures for ensuring proper oversight over County bank accounts, including the following: 1) County Board supervision over withdrawals therefrom; 2) periodic reconciliations of account balances to County records; and 3) the safeguarding of public funds therein through sufficient collateralization.

Without such procedures, there is an increased risk for the loss or misuse of County funds.

Similar issues have been noted in prior audits.

We recommend the County implement procedures to ensure proper oversight of County bank accounts through County Board supervision over withdrawals therefrom, periodic reconciliations of account balances to County records, and the safeguarding of the public funds therein through sufficient collateralization.

County Board's Response: Mid-American Benefits was contacted and are looking into the pledge securities with that account. The bank statement the County Board is taking under advisement and reviewing.

Visitor Bureau Agreement

During our audit, we noted that the County pays certain expenses related to the Adams County Convention and Visitor's Bureau (CVB); however, no written agreement between the two parties specifies which of them is responsible for the various costs incurred.

The following claims were paid by the County on behalf of the CVB:

- One claim, totaling \$8,400, was paid by the County for the CVB's annual office space rental.
- One claim, totaling \$7,880, was paid by the County to the Nebraska Softball Association for an Improvement Grant approved by the CVB.

In addition, the CVB currently has spending authority on a County-owned credit card.

A good internal control plan requires a written agreement between the County and the CVB to outline specifically the responsibilities, including payment for the various costs incurred, of each party. Further, good internal controls require only County employees to have spending authority on a County-owned credit card.

Without such a written agreement or the appropriate restrictions upon the use of County-owned credit cards, there is an increased risk for the loss or misuse of County funds.

We recommend the County enter into a written agreement with the CVB to specify the responsibilities, including payment for various costs incurred, of each party. We recommend also that only County employees be authorized to use County-owned credit cards.

County Board's Response: The County Attorney is reviewing the agreement with CVB and making recommendations and revisions for County Board approval. County Visitor Bureau director has begun presenting grants that are provided through funding for County Board approval. The County Board is reviewing a cap being placed on credit card spending for Visitor Bureau.

COUNTY CLERK

Insufficient Pledged Collateral

During our audit, we noted that 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 10 days during the fiscal year, with uncollateralized amounts ranging from \$13,513 to \$327,075.

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.

Additionally, sound accounting practice and a good internal control plan requires procedures for ensuring that money in a County bank account is safeguarded through sufficient collateralization.

Without such procedures, there is an increased risk of not only noncompliance with State statute but also the loss of public funds.

A similar issue has been noted in prior audits.

We recommend the County Clerk monitor the Imprest bank account closely, especially on high-volume days, to ensure that collateralization is sufficient to cover deposits fully.

Elected Official Salary

For calendar year 2018, the County Clerk was paid \$64,377. That amount was \$1,427 more than the fixed salary approved for the County Clerk's position by the County Board. This excess compensation resulted from extra pay received by the County Clerk for work performed during the November 2018 elections; however, the County Board did not approve those additional earnings prior to the work being performed.

Neb. Rev. Stat. § 23-1114(1) provides the following:

The salaries of all elected officers of the county shall be fixed by the county board prior to January 15 of the year in which a general election will be held for the respective offices.

Neb. Rev. Stat. § 32-217 provides the following:

The county board shall set the salaries of the election commissioner and chief deputy election commissioner at least sixty days prior to the expiration of the term of office of the election commissioner holding office.

Detailing the salaries of elected officials for 2015 through 2018, County Resolution 2014-01-07.01 sets the County Clerk's annual salary for 2018 at \$62,950.

We recommend the County Board implement procedures to ensure that all elected officials are paid according to the approved salaries fixed in accordance with State statute.

County Clerk's Response: In a formal Adams County payroll study conducted by Attorney Pamela Bourne, it was the recommendation of her office that in the event I worked over forty hours in a week performing election commissioner duties, I would be compensated for those hours over forty. In the weeks following the review by Bourne, the Adams County Board directed Attorney Bergin to distribute the opinion made by Bourne so that the necessary corrective action could be taken. The full report prepared by Attorney Bourne's office is on file at the Adams County Attorney's office.

Due to the 2018 General Election, in the months of October and November I did incur 27.5 overtime hours. I met with Deputy County Attorney Bergin prior to submitting these hours to the County Board to confirm that I was interpreting Bourne's recommendations correctly and that it was permissible for me to submit the overtime hours for payment. The County Board approved the request for these hours.

I have reviewed my original full response with the Adams County Board of Supervisors and they were comfortable with my response and documentation. I will advise the Board that only following the recommendation of the payroll audit performed by Pam Bourne's office is not sufficient, and moving forward they must take formal action in regards to payments for election commissioner duties.

COUNTY CLERK OF THE DISTRICT COURT

Recording of Investment Activity

In September 2017, the District Court received \$498,268, which was deposited into a bank account with the Nebraska Public Agency Investment Trust (NPAIT); however, that amount was not recorded in the County's accounting system until August 2018. From September 2017 through June 2018, those funds earned interest totaling \$3,976, which was similarly not recorded until August 2018. The bank balance as of June 30, 2018, was \$486,926.

Good internal controls and sound business practice require procedures for ensuring that all County funds handled by the District Court, including those invested with NPAIT, are received promptly to the County's accounting system.

Without such procedures, there is an increased risk for the loss, theft, or misuse of County funds.

We recommend the County Clerk of the District Court implement procedures to ensure that all public funds held by the District Court are received promptly to the County's accounting system.

Review of the Monthly Case Balance Report

We noted that the Clerk of the District Court was not adequately reviewing the monthly Case Balance Report to ensure the balances were proper, and appropriate action was being taken timely. Eight of 16 case balances tested were not correct and current:

- Four balances, totaling \$407, were past due for being remitted to the State Treasurer as unclaimed property.
- Two balances, totaling \$21,316, had not been properly applied to the costs of the case.
- Two balances, 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 accounting practices require procedures to ensure that the monthly Case Balance Report is reviewed on an ongoing, timely basis to determine what action should be taken to resolve those balances.

Without such procedures, there is an increased risk of errors, omissions, or irregularities not being detected and resolved in a timely manner.

A similar issue has been noted in prior audits.

We recommend the District Court implement procedures to ensure that the monthly Case Balance Report is reviewed regularly, and any unclaimed and/or unusual balances are resolved in a complete, accurate, and timely manner.

Review of Overdue Case Balance Report

We noted that 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. Eleven of 15 overdue balances tested, totaling \$23,340, did not have subsequent action taken by the District Court to ensure collection and/or resolution of the balances. As of December 7, 2018, the report contained 1,249 overdue cases with a total owed of \$678,417. Of these 1,249 cases, only 11 cases had a current warrant or suspension issued for nonpayment. The table below summarizes the number of overdue cases and amounts by year:

Year	Number of Balances	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
2003	64	\$ 33,829
2004	47	\$ 22,809
2005	42	\$ 30,029
2006	27	\$ 15,535
2007	41	\$ 25,313
2008	35	\$ 16,420
2009	55	\$ 33,317
2010	48	\$ 33,098
2011	47	\$ 20,263
2012	96	\$ 43,471
2013	82	\$ 39,594
2014	86	\$ 47,464
2015	56	\$ 34,140
2016	80	\$ 70,190
2017	83	\$ 67,402
2018	31	\$ 16,278
	1,249	\$ 678,417

Good internal control and sound business practices require procedures for ensuring that the Overdue Case Balance Report is reviewed on an ongoing, timely basis to determine what action should be taken to collect and/or resolve those balances.

Without such procedures, there is an increased risk for the loss, theft, or misuse of funds.

A similar issue has been noted in prior audits.

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.

Clerk of the District Court's Response: I am in receipt of your draft copy of the Adams County audit for fiscal year ending June 30, 2018. I have reviewed the section noted with "COUNTY CLERK OF THE DISTRICT COURT". After reviewing your report I understand the issues raised with 1. Recording of Investments Activity, 2. Review of Monthly Case Balance Report, and 3. Review of Overdue Case Balance Report. I have already taken steps to remedy these three issues and will continue to work diligently to remedy the issues in their entirety.

COUNTY SHERIFF

Balancing Procedures

We noted that the County Sheriff's records did not document a monthly asset-to-liability balancing or reconciliation of the office's petty cash accounts. As of June 30, 2018, this resulted in the following:

- A shortage was noted in the fee account, totaling \$1,023, without support or other information to determine the cause of the variance.
- The food account, authorized at \$4,500, had an excess balance of \$186 at June 30, 2018.
- The revolving account, authorized at \$3,000, had a book balance at June 30, 2018, of \$2,893. Information could not be provided to determine unreimbursed purchases or support the \$107 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 controls require procedures to ensure that an asset-to-liability balancing or reconciliation of the office's petty cash accounts is performed monthly, and all such accounts are maintained at, or reconciled to, the authorized amounts.

Without such procedures, there is an increased risk for the loss, theft, or misuse of funds.

A similar issue has been noted in prior audits.

We recommend the County Sheriff implement procedures to ensure the performance of a monthly asset-to-liability balancing or reconciliation of the office's petty cash accounts. We also recommend all petty cash funds be maintained at, or reconciled to, the authorized amounts.

Remittances to County Treasurer

During our audit, we noted that the County Sheriff was not remitting timely to the County Treasurer cash receipts originally received in the jail. These fees were routinely held for several months prior to remittance. A \$5,086 remittance in December 2017 included receipts from July to December 2017.

We also noted that the County Sheriff's office remitted \$24,990 to the County Treasurer in July 2018 for fees earned from April 1, 2018, to June 30, 2018. However, the County Sheriff's office earned only \$21,163 during this period, resulting in an over-remittance of \$3,827.

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.

Good internal controls require procedures to ensure that collections by County officers are remitted timely, as well as in the correct amounts, to the County Treasurer.

Without such procedures, there is an increased risk for not only the loss, theft, or misuse of County funds but also noncompliance with State statute.

A similar issue has been noted in prior audits.

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

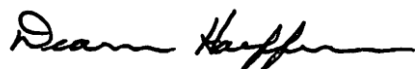
* * * * *

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,

A handwritten signature in black ink, appearing to read "Deann Haeffner". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Deann Haeffner, CPA
Assistant Deputy Auditor