

**AUDIT REPORT  
OF  
ADAMS COUNTY**

**JULY 1, 2018, THROUGH JUNE 30, 2019**

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the Auditor of Public Accounts.**

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**Issued on January 27, 2020**

ADAMS COUNTY

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ADAMS COUNTY  
500 W. 4<sup>th</sup> Street  
Hastings, NE 68901

**LIST OF COUNTY OFFICIALS**  
At June 30, 2019

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Supervisors	Charles Neumann	Jan. 2021
	Glen Larsen	Jan. 2021
	Michael Stromer	Jan. 2023
	Eldon Orthmann	Jan. 2023
	Dale Curtis	Jan. 2023
	Lee Hogan	Jan. 2023
	Scott Thomsen	Jan. 2021
Assessor	Jackie Russell	Jan. 2023
Attorney	Donna Fegler Daiss	Jan. 2023
Clerk Election Commissioner	Ramona Thomas	Jan. 2023
Register of Deeds	Rachel Ormsby	Jan. 2023
Clerk of the District Court	Amanda Bauer	Jan. 2023
Sheriff	John Rust	Jan. 2023
Treasurer	Melanie Curry	Jan. 2023
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	Ron Pughes	Appointed



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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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  
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, 2019, 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, 2019, 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 19-29, 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, 2020, 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, 2020

ADAMS COUNTY  
**STATEMENT OF NET POSITION - CASH BASIS**  
 June 30, 2019

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents (Note 1.D)	\$ 1,819,151
Investments (Note 1.D)	7,157,669
<b>TOTAL ASSETS</b>	<b>\$ 8,976,820</b>
<b>NET POSITION</b>	
Restricted for:	
Visitor Promotion	\$ 395,876
Drug Education	2,747
Preservation of Records	67,409
Debt Service	582,875
Juvenile Services	1,161
Road Projects	655,296
Unrestricted	7,271,456
<b>TOTAL NET POSITION</b>	<b>\$ 8,976,820</b>

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

ADAMS COUNTY  
**STATEMENT OF ACTIVITIES - CASH BASIS**  
For the Year Ended June 30, 2019

<b>Functions:</b>	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
General Government	\$ (5,942,062)	\$ 927,437	\$ 89,490	\$ (4,925,135)
Public Safety	(6,454,052)	174,252	702,449	(5,577,351)
Public Works	(5,147,928)	-	3,072,958	(2,074,970)
Public Assistance	(200,975)	-	-	(200,975)
Culture and Recreation	(292,996)	-	-	(292,996)
Debt Payments	(1,005,020)	-	-	(1,005,020)
Capital Outlay	(115,936)	-	-	(115,936)
<b>Total Governmental Activities</b>	<b><u><u>\$ (19,158,969)</u></u></b>	<b><u><u>\$ 1,101,689</u></u></b>	<b><u><u>\$ 3,864,897</u></u></b>	<b><u><u>(14,192,383)</u></u></b>

General Receipts:

Property Taxes	12,051,672
Grants and Contributions Not Restricted to Specific Programs	1,753,833
Investment Income	172,293
Licenses and Permits	131,778
Bond Proceeds	789,250
Miscellaneous	105,992
<b>Total General Receipts</b>	<b><u><u>15,004,818</u></u></b>
 Increase in Net Position	 812,435
Net Position - Beginning of year	8,164,385
Net Position - End of year	<b><u><u>\$ 8,976,820</u></u></b>

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

ADAMS COUNTY  
**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
June 30, 2019

	General Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents (Note 1.D)	\$ 1,819,151	\$ -	\$ -	\$ 1,819,151
Investments (Note 1.D)	563,494	3,371,031	3,223,144	7,157,669
<b>TOTAL ASSETS</b>	<b>\$ 2,382,645</b>	<b>\$ 3,371,031</b>	<b>\$ 3,223,144</b>	<b>\$ 8,976,820</b>
 <b>FUND BALANCES</b>				
Restricted for:				
Visitor Promotion	-	-	395,876	395,876
Drug Education	-	-	2,747	2,747
Preservation of Records	-	-	67,409	67,409
Debt Service	-	-	582,875	582,875
Juvenile Services	-	-	1,161	1,161
Road Projects	-	-	655,296	655,296
Committed to:				
Law Enforcement	-	-	69,195	69,195
Road Maintenance & Equipment	-	-	1,152,122	1,152,122
Aid and Assistance	-	-	1	1
Self Insurance	-	-	158,783	158,783
Library Services	-	-	73,512	73,512
Office Furnishings, Supplies, & Equipment	-	-	58,314	58,314
Assigned to:				
Other Purposes	-	3,371,031	5,853	3,376,884
Unassigned	2,382,645	-	-	2,382,645
<b>TOTAL CASH BASIS FUND BALANCES</b>	<b>\$ 2,382,645</b>	<b>\$ 3,371,031</b>	<b>\$ 3,223,144</b>	<b>\$ 8,976,820</b>

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, 2019

	General Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>				
Property Taxes	\$9,925,583	\$ 1,457,006	\$ 669,083	\$ 12,051,672
Licenses and Permits	131,778	-	-	131,778
Investment Income	172,293	-	-	172,293
Intergovernmental	4,675,897	-	942,833	5,618,730
Charges for Services	1,085,324	337	16,028	1,101,689
Miscellaneous	77,438	-	817,804	895,242
<b>TOTAL RECEIPTS</b>	<u>16,068,313</u>	<u>1,457,343</u>	<u>2,445,748</u>	<u>19,971,404</u>
<b>DISBURSEMENTS</b>				
General Government	5,758,855	55,530	127,677	5,942,062
Public Safety	6,052,975	-	401,077	6,454,052
Public Works	4,677,454	-	470,474	5,147,928
Public Assistance	197,775	-	3,200	200,975
Culture and Recreation	-	-	292,996	292,996
Debt Service:				
Principal Payments	-	-	955,000	955,000
Interest and Fiscal Charges	-	-	50,020	50,020
Capital Outlay	-	-	115,936	115,936
<b>TOTAL DISBURSEMENTS</b>	<u>16,687,059</u>	<u>55,530</u>	<u>2,416,380</u>	<u>19,158,969</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(618,746)</u>	<u>1,401,813</u>	<u>29,368</u>	<u>812,435</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,559,466	-	1,110,458	2,669,924
Transfers out	(1,107,260)	(1,503,198)	(59,466)	(2,669,924)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>452,206</u>	<u>(1,503,198)</u>	<u>1,050,992</u>	<u>-</u>
Net Change in Fund Balances	(166,540)	(101,385)	1,080,360	812,435
<b>CASH BASIS FUND BALANCES - BEGINNING</b>				
	<u>2,549,185</u>	<u>3,472,416</u>	<u>2,142,784</u>	<u>8,164,385</u>
<b>CASH BASIS FUND BALANCES - ENDING</b>				
	<u>\$2,382,645</u>	<u>\$ 3,371,031</u>	<u>\$ 3,223,144</u>	<u>\$ 8,976,820</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, 2019

	Agency Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	1,581,029
Investments (Note 1.D)	\$ 120,794
<b>TOTAL ASSETS</b>	<b>1,701,823</b>
 <b>LIABILITIES</b>	
Due to other governments	
State	562,476
Schools	734,043
Educational Service Units	5,690
Technical College	36,390
Natural Resource Districts	7,768
Fire Districts	4,481
Municipalities	181,978
Agricultural Society	6,726
Townships	38,789
Sanitary and Improvement Districts	122,437
Others	1,045
<b>TOTAL LIABILITIES</b>	<b>1,701,823</b>
 <b>TOTAL NET ASSETS</b>	 <b>\$ -</b>

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

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2019

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 \$80,840 toward the operation of the Region during fiscal year 2019. 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 2018).

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 2019. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Cum. Supp. 2018). 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.

**Capital Project Funds.** The Adams Central Road Project Fund, Showboat South of Hwy 6 Fund, and Rural Road Improvement Fund account for all resources received and used for the acquisition or development of major capital improvements.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

**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.

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

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

C. **Measurement Focus, Basis of Accounting**

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

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

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

**D. Assets and Net Position**

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

**Investments.** The types of investments in which the County is authorized to invest funds are enumerated in Neb. Rev. Stat. § 77-2315, § 77-2340, and § 77-2341 (Reissue 2018) 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 \$1,705,364 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.

ADAMS COUNTY

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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

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

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

**2. Deposits and Investments**

The County has generally pooled the cash resources of the various funds for investment purposes. Interest earned on pooled funds is credited to the County General Fund in accordance with Neb. Rev. Stat. § 77-2315 (Reissue 2018).

At year end, the County's carrying amount of deposits was \$1,819,151 for County funds and \$1,581,029 for Fiduciary funds. The bank balances for all funds totaled \$3,357,656. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2019, 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 \$7,157,669 deposited in the Nebraska Public Agency Investment Trust (NPAIT). The County also held deposits in NPAIT of \$120,794 for Fiduciary Funds. NPAIT is a public entity investment pool operated under the direction of a nine-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 2018, for the 2018 taxes, which will be materially collected in May and September 2019, was set at \$.264723/\$100 of assessed valuation. The levy set in October 2017, for the 2017 taxes, which were materially collected in May and September 2018, was set at \$.267014/\$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. 2018) 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.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

For the year ended June 30, 2019, 166 employees contributed \$303,838, and the County contributed \$450,452. Contributions included \$10,582 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 96 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, 2019, consisted of the following:

<b><u>Transfers to</u></b>	<u>Transfers from</u>			<u>Total</u>
	<u>General Fund</u>	<u>Inheritance Fund</u>	<u>Nonmajor Funds</u>	
General Fund	\$ -	\$ 1,500,000	\$ 59,466	\$ 1,559,466
Nonmajor Funds	1,107,260	3,198	-	1,110,458
Total	<u>\$ 1,107,260</u>	<u>\$ 1,503,198</u>	<u>\$ 59,466</u>	<u>\$ 2,669,924</u>

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

6. **Interfund Transfers** (Concluded)

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. **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, 2019, was \$1,360,000. 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. Future tax resources will be used to pay off the bonds. Principal and interest payments are due December 15 and June 15.

Future Payments:

<b>Year</b>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 445,000	\$ 15,942	\$ 460,942
2021	455,000	10,201	465,201
2022	460,000	3,565	463,565
Total Payments	<u>\$ 1,360,000</u>	<u>\$ 29,708</u>	<u>\$ 1,389,708</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, 2019, was \$515,000. 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. Future tax resources will be used to pay off the bonds. Principal and interest payments are due December 15 and June 15.

Future Payments:

<b>Year</b>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 515,000	\$ 3,605	\$ 518,605

**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 bond payable balance, as of June 30, 2019, was \$795,000. 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.

ADAMS COUNTY

**NOTES TO FINANCIAL STATEMENTS**  
(Concluded)

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

Future Payments:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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>\$ 49,786</u>	<u>\$ 844,786</u>

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

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 10,846,284	\$ 10,846,284	\$ 9,925,583	\$ (920,701)
Licenses and Permits	124,450	124,450	131,778	7,328
Interest	50,000	50,000	172,293	122,293
Intergovernmental	4,061,942	4,061,942	4,675,897	613,955
Charges for Services	1,063,750	1,063,750	1,085,324	21,574
Miscellaneous	59,300	59,300	77,438	18,138
<b>TOTAL RECEIPTS</b>	<b>16,205,726</b>	<b>16,205,726</b>	<b>16,068,313</b>	<b>(137,413)</b>
<b>DISBURSEMENTS</b>				
General Government:				
County Board	247,260	247,260	233,140	14,120
County Clerk	365,031	365,031	307,197	57,834
County Treasurer	645,203	645,203	597,502	47,701
Register of Deeds	288,646	288,646	258,578	30,068
County Assessor	502,860	502,860	475,190	27,670
Election Commissioner	54,618	56,952	56,952	-
Building and Zoning	62,205	62,205	54,205	8,000
Data Processing	264,408	264,408	250,940	13,468
Clerk of the District Court	483,469	483,469	418,237	65,232
County Court System	199,500	199,500	130,288	69,212
District Judge	60,855	60,855	59,222	1,633
Public Defender	1,046,898	1,046,898	1,009,046	37,852
Special Elections - HPS	-	28,222	28,222	-
Buildings and Grounds	461,652	461,652	454,077	7,575
Special Elections - Silver Lake	-	3,523	3,523	-
Agricultural Extension Agent	212,800	212,800	211,863	937
Microfilm	11,000	11,000	10,656	344
Capital Purchases-Wallace Building	426,000	426,000	426,000	-
Miscellaneous	883,906	849,827	774,017	75,810
Public Safety				
County Sheriff	2,169,043	2,169,043	1,991,687	177,356
County Attorney	1,351,645	1,351,645	1,225,010	126,635
Communication Center	124,998	124,998	124,969	29
County Jail	2,588,362	2,588,362	2,073,589	514,773
Emergency Management	836,708	836,708	422,998	413,710
Adult Probation Officer	63,486	63,486	61,791	1,695
Ambulance and Rescue	62,500	62,500	62,500	-
Building Security	100,650	100,650	90,431	10,219

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

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>DISBURSEMENTS (Continued)</b>				
Public Works				
County Surveyor	34,315	34,315	30,363	3,952
Noxious Weed Control	91,652	91,652	75,770	15,882
Highway Department	5,238,391	5,238,391	4,571,321	667,070
Public Assistance				
Veterans' Service Officer	184,816	184,816	179,383	5,433
County Relief	35,000	35,000	18,392	16,608
<b>TOTAL DISBURSEMENTS</b>	<u>19,097,877</u>	<u>19,097,877</u>	<u>16,687,059</u>	<u>2,410,818</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(2,892,151)</u>	<u>(2,892,151)</u>	<u>(618,746)</u>	<u>2,273,405</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,559,466	1,559,466	1,559,466	-
Transfers out	(466,500)	(466,500)	(1,107,260)	(640,760)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,092,966</u>	<u>1,092,966</u>	<u>452,206</u>	<u>(640,760)</u>
Net Change in Fund Balance	(1,799,185)	(1,799,185)	(166,540)	1,632,645
<b>FUND BALANCE - BEGINNING</b>	<u>2,549,185</u>	<u>2,549,185</u>	<u>2,549,185</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 750,000</u>	<u>\$ 750,000</u>	<u>\$ 2,382,645</u>	<u>\$ 1,632,645</u>

(Concluded)

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

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>INHERITANCE FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 874,000	\$ 874,000	\$1,457,006	\$ 583,006
Charges for Services	-	-	337	337
<b>TOTAL RECEIPTS</b>	<u>874,000</u>	<u>874,000</u>	<u>1,457,343</u>	<u>583,343</u>
<b>DISBURSEMENTS</b>	<u>2,843,218</u>	<u>2,843,218</u>	<u>55,530</u>	<u>2,787,688</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(1,969,218)</u>	<u>(1,969,218)</u>	<u>1,401,813</u>	<u>3,371,031</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(1,503,198)	(1,503,198)	(1,503,198)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,503,198)</u>	<u>(1,503,198)</u>	<u>(1,503,198)</u>	<u>-</u>
Net Change in Fund Balance	(3,472,416)	(3,472,416)	(101,385)	3,371,031
FUND BALANCE - BEGINNING	3,472,416	3,472,416	3,472,416	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,371,031</u>	<u>\$ 3,371,031</u>

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

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>VISITORS PROMOTION FUND</b>				
Receipts	\$ 59,580	\$ 59,580	\$ 123,456	\$ 63,876
Disbursements	(182,194)	(182,194)	(60,016)	122,178
Net Change in Fund Balance	(122,614)	(122,614)	63,440	186,054
Fund Balance - Beginning	122,614	122,614	122,614	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 186,054</u>	<u>\$ 186,054</u>
<b>VISITORS IMPROVEMENT FUND</b>				
Receipts	\$ 50,000	\$ 50,000	\$ 61,728	\$ 11,728
Disbursements	(268,094)	(268,094)	(70,000)	198,094
Net Change in Fund Balance	(218,094)	(218,094)	(8,272)	209,822
Fund Balance - Beginning	218,094	218,094	218,094	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 209,822</u>	<u>\$ 209,822</u>
<b>PRESERVATION AND MODERNIZATION FUND</b>				
Receipts	\$ 17,000	\$ 17,000	\$ 16,028	\$ (972)
Disbursements	(77,605)	(77,605)	(9,224)	68,381
Net Change in Fund Balance	(60,605)	(60,605)	6,804	67,409
Fund Balance - Beginning	60,605	60,605	60,605	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,409</u>	<u>\$ 67,409</u>
<b>HEALTH FUND</b>				
Receipts	\$ -	\$ -	\$ 26,710	\$ 26,710
Disbursements	(133,646)	(133,646)	(1,573)	132,073
Net Change in Fund Balance	(133,646)	(133,646)	25,137	158,783
Fund Balance - Beginning	133,646	133,646	133,646	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 158,783</u>	<u>\$ 158,783</u>
<b>VETERANS' AID FUND</b>				
Receipts	\$ -	\$ -	\$ 1	\$ 1
Disbursements	(3,200)	(3,200)	(3,200)	-
Transfers in	3,198	3,198	3,198	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(2)	(2)	(1)	1
Fund Balance - Beginning	2	2	2	-
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, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>LIBRARY FUND</b>				
Receipts	\$ 167,732	\$ 167,732	\$ 163,240	\$ (4,492)
Disbursements	(168,644)	(168,644)	(162,980)	5,664
Net Change in Fund Balance	(912)	(912)	260	1,172
Fund Balance - Beginning	912	912	912	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,172</u>	<u>\$ 1,172</u>
<b>BOOKMOBILE FUND</b>				
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>
<b>DRUG LAW ENFORCEMENT AND EDUCATION FUND</b>				
Receipts	\$ -	\$ -	\$ 1,844	\$ 1,844
Disbursements	(903)	(903)	-	903
Net Change in Fund Balance	(903)	(903)	1,844	2,747
Fund Balance - Beginning	903	903	903	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,747</u>	<u>\$ 2,747</u>
<b>REGIONAL EMERGENCY MANAGEMENT FUND</b>				
Receipts	\$ 1,569	\$ 1,569	\$ 1,500	\$ (69)
Disbursements	(9,625)	(9,625)	(685)	8,940
Net Change in Fund Balance	(8,056)	(8,056)	815	8,871
Fund Balance - Beginning	8,056	8,056	8,056	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,871</u>	<u>\$ 8,871</u>
<b>JUVENILE GRANT FUND</b>				
Receipts	\$ 268,160	\$ 268,160	\$ 268,160	\$ -
Disbursements	(268,160)	(268,160)	(266,999)	1,161
Net Change in Fund Balance	-	-	1,161	1,161
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,161</u>	<u>\$ 1,161</u>

(Continued)

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

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>HIGHWAY BOND FUND</b>				
Receipts	\$ 306,300	\$ 306,300	\$ 363,831	\$ 57,531
Disbursements	(1,512,346)	(1,512,346)	(987,002)	525,344
Transfers in	466,500	466,500	466,500	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(739,546)	(739,546)	(156,671)	582,875
Fund Balance - Beginning	739,546	739,546	739,546	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 582,875</u>	<u>\$ 582,875</u>
<b>ADAMS CENTRAL ROAD PROJECT FUND</b>				
Receipts	\$ -	\$ -	\$ 300,000	\$ 300,000
Disbursements	-	-	-	-
Net Change in Fund Balance	-	-	300,000	300,000
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>
<b>ESCROW HOLDING FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(726,600)	(726,600)	(720,747)	5,853
Transfers in	-	-	640,760	640,760
Transfers out	(59,466)	(59,466)	(59,466)	-
Net Change in Fund Balance	(786,066)	(786,066)	(139,453)	646,613
Fund Balance - Beginning	786,066	786,066	786,066	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 646,613</u>	<u>\$ 646,613</u>
<b>SHOWBOAT SOUTH OF HWY 6 FUND</b>				
Receipts	\$ -	\$ -	\$ 330,000	\$ 330,000
Disbursements	-	-	-	-
Net Change in Fund Balance	-	-	330,000	330,000
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 330,000</u>	<u>\$ 330,000</u>
<b>RURAL ROAD IMPROVEMENT FUND</b>				
Receipts	\$ 795,000	\$ 795,000	\$ 789,250	\$ (5,750)
Disbursements	(795,000)	(795,000)	(133,954)	661,046
Net Change in Fund Balance	-	-	655,296	655,296
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 655,296</u>	<u>\$ 655,296</u>

ADAMS COUNTY  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2019

	Visitors Promotion Fund	Visitors Improvement Fund	Preservation and Modernization Fund	Health Fund	Veterans' Aid Fund
<b>RECEIPTS</b>					
Property Taxes	\$ 123,456	\$ 61,728	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	1
Charges for Services	-	-	16,028	-	-
Miscellaneous	-	-	-	26,710	-
<b>TOTAL RECEIPTS</b>	<b>123,456</b>	<b>61,728</b>	<b>16,028</b>	<b>26,710</b>	<b>1</b>
<b>DISBURSEMENTS</b>					
General Government	-	-	9,224	1,573	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Public Assistance	-	-	-	-	3,200
Culture and Recreation	60,016	70,000	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Projects	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<b>60,016</b>	<b>70,000</b>	<b>9,224</b>	<b>1,573</b>	<b>3,200</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>63,440</b>	<b>(8,272)</b>	<b>6,804</b>	<b>25,137</b>	<b>(3,199)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	3,198
Transfers out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,198</b>
Net Change in Fund Balances	63,440	(8,272)	6,804	25,137	(1)
<b>FUND BALANCES - BEGINNING</b>	<b>122,614</b>	<b>218,094</b>	<b>60,605</b>	<b>133,646</b>	<b>2</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 186,054</b>	<b>\$ 209,822</b>	<b>\$ 67,409</b>	<b>\$ 158,783</b>	<b>\$ 1</b>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	186,054	209,822	-	-	-
Drug Education	-	-	-	-	-
Preservation of Records	-	-	67,409	-	-
Debt Service	-	-	-	-	-
Juvenile Services	-	-	-	-	-
Road Projects	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Road Maintenance & Equipment	-	-	-	-	-
Aid and Assistance	-	-	-	-	1
Self Insurance	-	-	-	158,783	-
Library Services	-	-	-	-	-
Office Furnishings, Supplies, & Equipment	-	-	-	-	-
Assigned to:					
Other Purposes	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>\$ 186,054</b>	<b>\$ 209,822</b>	<b>\$ 67,409</b>	<b>\$ 158,783</b>	<b>\$ 1</b>

(Continued)

**ADAMS COUNTY**  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,**  
**AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2019

	Library Fund	Bookmobile Fund	Drug Law Enforcement and Education Fund	Regional Emergency Management Fund	Juvenile Grant Fund	Highway Bond Fund
<b>RECEIPTS</b>						
Property Taxes	\$ 148,627	\$ -	\$ -	\$ -	\$ -	\$ 335,272
Intergovernmental	14,613	-	-	1,500	268,160	28,559
Charges for Services	-	-	-	-	-	-
Miscellaneous	-	-	1,844	-	-	-
<b>TOTAL RECEIPTS</b>	<b>163,240</b>	<b>-</b>	<b>1,844</b>	<b>1,500</b>	<b>268,160</b>	<b>363,831</b>
<b>DISBURSEMENTS</b>						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	685	266,999	-
Public Works	-	-	-	-	-	-
Public Assistance	-	-	-	-	-	-
Culture and Recreation	162,980	-	-	-	-	-
Debt Service:						
Principal Payments	-	-	-	-	-	955,000
Interest and Fiscal Charges	-	-	-	-	-	32,002
Capital Projects	-	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<b>162,980</b>	<b>-</b>	<b>-</b>	<b>685</b>	<b>266,999</b>	<b>987,002</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>260</b>	<b>-</b>	<b>1,844</b>	<b>815</b>	<b>1,161</b>	<b>(623,171)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	466,500
Transfers out	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>466,500</b>
Net Change in Fund Balances	260	-	1,844	815	1,161	(156,671)
<b>FUND BALANCES - BEGINNING</b>	<b>912</b>	<b>72,340</b>	<b>903</b>	<b>8,056</b>	<b>-</b>	<b>739,546</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 1,172</b>	<b>\$ 72,340</b>	<b>\$ 2,747</b>	<b>\$ 8,871</b>	<b>\$ 1,161</b>	<b>\$ 582,875</b>
<b>FUND BALANCES:</b>						
Restricted for:						
Visitor Promotion	-	-	-	-	-	-
Drug Education	-	-	2,747	-	-	-
Preservation of Records	-	-	-	-	-	-
Debt Service	-	-	-	-	-	582,875
Juvenile Services	-	-	-	-	1,161	-
Road Projects	-	-	-	-	-	-
Committed to:						
Law Enforcement	-	-	-	8,871	-	-
Road Maintenance & Equipment	-	-	-	-	-	-
Aid and Assistance	-	-	-	-	-	-
Self Insurance	-	-	-	-	-	-
Library Services	1,172	72,340	-	-	-	-
Office Furnishings, Supplies, & Equipment	-	-	-	-	-	-
Assigned to:						
Other Purposes	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>\$ 1,172</b>	<b>\$ 72,340</b>	<b>\$ 2,747</b>	<b>\$ 8,871</b>	<b>\$ 1,161</b>	<b>\$ 582,875</b>

(Continued)

**ADAMS COUNTY**  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,**  
**AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2019

	Adams Central Road Project Fund	Escrow Holding Fund	Showboat South of Hwy 6 Fund	Rural Road Improvement Fund	Total Nonmajor Governmental Funds
<b>RECEIPTS</b>					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 669,083
Intergovernmental	300,000	-	330,000	-	942,833
Charges for Services	-	-	-	-	16,028
Miscellaneous	-	-	-	789,250	817,804
<b>TOTAL RECEIPTS</b>	<b>300,000</b>	<b>-</b>	<b>330,000</b>	<b>789,250</b>	<b>2,445,748</b>
<b>DISBURSEMENTS</b>					
General Government	-	116,880	-	-	127,677
Public Safety	-	133,393	-	-	401,077
Public Works	-	470,474	-	-	470,474
Public Assistance	-	-	-	-	3,200
Culture and Recreation	-	-	-	-	292,996
Debt Service:					
Principal Payments	-	-	-	-	955,000
Interest and Fiscal Charges	-	-	-	18,018	50,020
Capital Projects	-	-	-	115,936	115,936
<b>TOTAL DISBURSEMENTS</b>	<b>-</b>	<b>720,747</b>	<b>-</b>	<b>133,954</b>	<b>2,416,380</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>300,000</b>	<b>(720,747)</b>	<b>330,000</b>	<b>655,296</b>	<b>29,368</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	640,760	-	-	1,110,458
Transfers out	-	(59,466)	-	-	(59,466)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>581,294</b>	<b>-</b>	<b>-</b>	<b>1,050,992</b>
Net Change in Fund Balances	300,000	(139,453)	330,000	655,296	1,080,360
<b>FUND BALANCES - BEGINNING</b>	<b>-</b>	<b>786,066</b>	<b>-</b>	<b>-</b>	<b>2,142,784</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 300,000</b>	<b>\$ 646,613</b>	<b>\$ 330,000</b>	<b>\$ 655,296</b>	<b>\$ 3,223,144</b>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	-	-	-	-	395,876
Drug Education	-	-	-	-	2,747
Preservation of Records	-	-	-	-	67,409
Debt Service	-	-	-	-	582,875
Juvenile Services	-	-	-	-	1,161
Road Projects	-	-	-	655,296	655,296
Committed to:					
Law Enforcement	-	60,324	-	-	69,195
Road Maintenance & Equipment	300,000	522,122	330,000	-	1,152,122
Aid and Assistance	-	-	-	-	1
Self Insurance	-	-	-	-	158,783
Library Services	-	-	-	-	73,512
Office Furnishings, Supplies, & Equipment	-	58,314	-	-	58,314
Assigned to:					
Other Purposes	-	5,853	-	-	5,853
<b>TOTAL FUND BALANCES</b>	<b>\$ 300,000</b>	<b>\$ 646,613</b>	<b>\$ 330,000</b>	<b>\$ 655,296</b>	<b>\$ 3,223,144</b>

(Concluded)

**ADAMS COUNTY**  
**SCHEDULE OF OFFICE ACTIVITIES**  
For the Year Ended June 30, 2019

	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, 2018	\$ 2,194	\$ 38,672	\$ 622,241	\$ 37,570	\$ 5,499	\$ 25	\$ 200	\$ 2,844	\$ 3	\$ 25	\$ 709,273
<b>RECEIPTS</b>											
Property Taxes	-	-	-	-	-	-	-	-	-	-	-
Licenses and Permits	5,900	-	-	2,390	-	-	2,885	-	-	8,003	19,178
Intergovernmental	-	-	-	-	-	-	280,237	3,200	-	19,710	303,147
Charges for Services	4,984	176,964	59,977	159,536	360	3,402	22,583	-	-	-	427,806
Miscellaneous	1,269	5,875	-	25,422	1,397	-	14,762	-	25	-	48,750
State Fees	-	239,888	58,872	-	-	-	-	-	-	-	298,760
Other Liabilities	-	250	1,588,466	251,449	5,198	-	-	-	-	-	1,845,363
<b>TOTAL RECEIPTS</b>	<b>12,153</b>	<b>422,977</b>	<b>1,707,315</b>	<b>438,797</b>	<b>6,955</b>	<b>3,402</b>	<b>320,467</b>	<b>3,200</b>	<b>25</b>	<b>27,713</b>	<b>2,943,004</b>
<b>DISBURSEMENTS</b>											
Payments to County Treasurer	10,817	176,631	60,122	161,320	3,337	3,402	320,183	-	-	27,713	763,525
Payments to State Treasurer	-	235,663	64,567	-	-	-	-	-	-	-	300,230
Other Liabilities	1,269	6,126	2,001,933	247,020	6,320	-	284	1,931	1	-	2,264,884
<b>TOTAL DISBURSEMENTS</b>	<b>12,086</b>	<b>418,420</b>	<b>2,126,622</b>	<b>408,340</b>	<b>9,657</b>	<b>3,402</b>	<b>320,467</b>	<b>1,931</b>	<b>1</b>	<b>27,713</b>	<b>3,328,639</b>
BALANCES JUNE 30, 2019	\$ 2,261	\$ 43,229	\$ 202,934	\$ 68,027	\$ 2,797	\$ 25	\$ 200	\$ 4,113	\$ 27	\$ 25	\$ 323,638
<b>BALANCES CONSIST OF:</b>											
Due to County Treasurer	\$ 1,011	\$ 17,658	\$ 3,302	\$ 50,051	\$ 10	\$ -	\$ -	\$ 4,113	\$ 27	\$ -	\$ 76,172
Petty Cash	1,250	-	-	13,575	2,000	25	200	-	-	25	17,075
Due to State Treasurer	-	25,571	2,211	-	-	-	-	-	-	-	27,782
Due to Others	-	-	197,421	4,401	787	-	-	-	-	-	202,609
BALANCES JUNE 30, 2019	\$ 2,261	\$ 43,229	\$ 202,934	\$ 68,027	\$ 2,797	\$ 25	\$ 200	\$ 4,113	\$ 27	\$ 25	\$ 323,638

ADAMS COUNTY  
**SCHEDULE OF TAXES CERTIFIED AND COLLECTED**  
**FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY**  
June 30, 2019

Item	2014	2015	2016	2017	2018
<b>Tax Certified by Assessor</b>					
Real Estate	\$ 45,150,666	\$ 45,502,032	\$ 49,135,828	\$ 50,136,983	\$ 51,551,321
Personal and Specials	3,101,026	2,740,917	2,795,163	3,545,569	3,418,259
<b>Total</b>	<b>48,251,692</b>	<b>48,242,949</b>	<b>51,930,991</b>	<b>53,682,552</b>	<b>54,969,580</b>
<b>Corrections</b>					
Additions	25,862	32,000	40,462	24,403	13,625
Deductions	(36,209)	(55,713)	(65,406)	(61,722)	(125,908)
Net Additions/ (Deductions)	(10,347)	(23,713)	(24,944)	(37,319)	(112,283)
<b>Corrected Certified Tax</b>	<b>48,241,345</b>	<b>48,219,236</b>	<b>51,906,047</b>	<b>53,645,233</b>	<b>54,857,297</b>
<b>Net Tax Collected by County Treasurer during Fiscal Year Ending:</b>					
June 30, 2015	30,399,523	-	-	-	-
June 30, 2016	17,811,412	30,390,081	-	-	-
June 30, 2017	14,133	17,794,178	32,610,155	-	-
June 30, 2018	3,903	20,905	19,265,989	33,995,585	-
June 30, 2019	3,043	3,462	13,996	19,618,225	33,888,464
<b>Total Net Collections</b>	<b>48,232,014</b>	<b>48,208,626</b>	<b>51,890,140</b>	<b>53,613,810</b>	<b>33,888,464</b>
<b>Total Uncollected Tax</b>	<b>\$ 9,331</b>	<b>\$ 10,610</b>	<b>\$ 15,907</b>	<b>\$ 31,423</b>	<b>\$ 20,968,833</b>
<b>Percentage Uncollected Tax</b>	<b>0.02%</b>	<b>0.02%</b>	<b>0.03%</b>	<b>0.06%</b>	<b>38.22%</b>

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



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Charlie Janssen  
State Auditor

Charlie.Janssen@nebraska.gov  
PO Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
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, 2019, 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, 2020. 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, 2020.

### **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, 2020



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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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  
auditors.nebraska.gov

January 24, 2020

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, 2019, and have issued our report thereon dated January 24, 2020. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

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

### **COUNTY OVERALL**

#### **Segregation of Duties**

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

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

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

## **COUNTY ATTORNEY**

### **Unknown Trust Balances**

As of June 30, 2019, the County Attorney had an unknown trust balance totaling \$787. The County Attorney could not identify the proper recipient of these funds.

Sound accounting practice and good internal control requires procedures to ensure that office assets (cash on hand, reconciled bank balance, accounts receivable, etc.) are in agreement with office liabilities (fees and trust accounts) on, at least, a monthly basis. Balancing procedures should include the timely identification and resolution of all variances noted.

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

A similar issue was noted in prior audits.

We recommend the County Attorney review monies held in trust and remit any balance that cannot be accounted for to the County Treasurer or State Treasurer, as appropriate.

## **COUNTY BOARD**

### **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, 2019.
- Due to limited County oversight, the County did not have bank statements on file for seven months during the fiscal year. After our inquiry, the County Clerk was able to provide the statements. The County was also unable to provide information regarding the holder of pledged securities. Without pledged collateral information, we were unable to verify whether the account was adequately collateralized.

Neb. Rev. Stat. § 77-2395(1) (Reissue 2018) 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, 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) obtaining monthly bank statements and the periodic reconciliation 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 previous 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 public funds therein through sufficient collateralization.

### **Credit Card Procedures**

During our audit, we noted the following regarding the County's procedures for credit cards:

- The County pays certain expenses related to the Adams County Convention and Visitor's Bureau (CVB), and the CVB has access to a County credit card; however, there is no written agreement between the two parties to specify who is responsible for the costs incurred.
- Claim 182978, dated January 15, 2019, included payment of \$105 for access codes to download Battlefield V and Fortnite video games by the Emergency Management Department. According to the Department, access to download these video games was included in a package deal when a new computer was purchased. Until this was pointed out, the Department was under the impression that the cost of the video game access was excluded from the purchase price.

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

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

A similar issue has been noted in prior audits.

We recommend the County enter into an agreement with the CVB to specify the responsibilities, including payment for various costs incurred, of each party. We recommend also that only County employees have spending authority on County credit cards. Finally, we recommend procedures be implemented to ensure credit card purchases are made only for reasonable and necessary County purchases.

## 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 \$204,001 to \$954,437.

Neb. Rev. Stat. § 77-2395(1) (Reissue 2018) 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 practices 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.

## COUNTY CLERK OF THE DISTRICT COURT

### Review of 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. Six of 12 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.
- One balance for \$35 had not been applied to unpaid costs properly.
- One balance for \$75 was not paid out to the appropriate parties after the case had been resolved.

Neb. Rev. Stat. § 69-1307.01 (Reissue 2018) 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 2018) 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 District 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.

A similar issue was noted in prior audits.

We 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.

## **COUNTY SHERIFF**

### **Office 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, 2019, this resulted in the following:

- A shortage was noted in the fee account, totaling \$1,527, without support or other information to determine the cause of the variance.
- The food account, authorized at \$4,500, had an excess balance of \$255 at June 30, 2019.
- The revolving account, authorized at \$3,000, had a book balance at June 30, 2019, of \$2,863. Information could not be provided to determine unreimbursed purchases or support the \$137 shortage between the book balance and the authorized petty cash amount.
- The County Sheriff maintains \$100 to make change for phone card purchases. At the time cash was counted on December 5, 2019, this change amount was short \$20. The County Sheriff was unable to provide an explanation as to why this short existed. Additionally, \$10 was counted in a different location, which could not be traced to receipts or other supporting documentation of money received in the office.

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 and 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 and reconciliation of the office's petty cash accounts to the authorized amounts.

### **Unauthorized Bank Account**

During the audit, we noted that the County Sheriff's office maintained a separate bank account for monies received from evidence related to certain court cases, seizures, and money related to the Equitable Sharing Program through the U.S. Department of Justice.

As of June 30, 2019, the balance in this account was \$25,422. Per the records maintained by the Sheriff's office, this balance is made up of \$4,304 for evidence, \$8,320 for seizures, and \$12,798 identified as "ACSO" (Adams County Sheriff's Office). Other than monthly interest accruals, there was no activity in the account since April 2012.

Neb. Rev. Stat. § 23-1601(1) (Reissue 2012) requires all money received from whatever source to be deposited with the County Treasurer and paid out only on warrants issued by the County Board.

The failure to remit public money to the County Treasurer not only conflicts with State statute but also increases the risk of loss, theft, or misuse of funds.

We recommend the balance maintained in this account be remitted to the County Treasurer. All future monies received should also be remitted to the County Treasurer, and disbursements should be submitted to the County Board for approval through the claims process.

### **Remittances to County Treasurer**

During our audit, we noted that the County Sheriff failed to maintain sufficient documentation to support when cash receipts received in the jail were originally received. Consequently, we were unable to determine whether these monies were remitted timely to the County Treasurer. The total amount remitted to the County Treasurer for these jail receipts during fiscal year 2019 was \$7,033.

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 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 the County Sheriff implement procedures to ensure sufficient documentation is maintained to support when cash receipts are originally received in the office. We further recommend all monies belonging to the County be remitted to the County Treasurer in a timely manner.

### **Petty Cash Reimbursements**

During the audit, we tested two petty cash reimbursements for the County Sheriff's Revolving Fund and noted the following:

- For the first reimbursement tested, the County Sheriff received \$250 for two separate meal reimbursement payments, which did not have adequate supporting documentation provided to the County Board.
- For the second reimbursement tested, the County Sheriff received reimbursement for eight receipts, totaling \$264, which were not reimbursed in a timely manner. Reimbursement was claimed for a period ranging from 93 to 221 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.

A similar issue has been noted in prior audits.

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

\* \* \* \* \*

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

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

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

Sincerely,

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

Deann Haeffner, CPA  
Assistant Deputy Auditor