

**AUDIT REPORT  
OF  
ADAMS COUNTY**

**JULY 1, 2010 THROUGH JUNE 30, 2011**

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the Auditor of Public Accounts.**

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**Issued on October 20, 2011**

ADAMS COUNTY

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ADAMS COUNTY

**LIST OF COUNTY OFFICIALS**

At June 30, 2011

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Larry Woodman	Board of Supervisors	Jan. 2013
Charles Neumann		Jan. 2013
Eldon Orthmann		Jan. 2015
Dale Curtis		Jan. 2015
Lee Saathoff		Jan. 2015
Jack Hynes		Jan. 2015
Scott Thomsen		Jan. 2013
Diane Hynes	Assessor	Jan. 2015
Donna Fegler Daiss	Attorney	Jan. 2015
Chris Lewis	Clerk Election Commissioner	Jan. 2015
Jan Johnson	Register of Deeds	Jan. 2015
Chrystine Setlik	Clerk of the District Court	Jan. 2015
Gregg Magee	Sheriff	Jan. 2015
Beverly Davis	Treasurer	Jan. 2015
Joseph Ballweg	Veterans' Service Officer	Appointed
Lynn Hanson	Weed Superintendent	Appointed
Dawn Miller	Highway Superintendent/ Planning/Zoning	Appointed



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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### ADAMS COUNTY

### INDEPENDENT AUDITORS' REPORT

Board of Supervisors  
Adams County, Nebraska

We have audited the accompanying 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, 2011, which collectively comprise the basic financial statements of the County's primary government, as listed in the Table of Contents. These financial statements are the responsibility of the County's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash balances of the governmental activities, each major fund, and the aggregate remaining fund information for the primary government of Adams County, as of June 30, 2011, and the respective changes in cash balances thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2011, 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* and should be considered in assessing the results of our audit.

The budgetary comparison information is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The County has not presented Management's Discussion and Analysis, which the accounting principles generally accepted in the United States of America have determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, nonmajor 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 accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole on the basis of accounting described in Note 1.

Signed Original on File

October 4, 2011

Deann Haeffner, CPA  
Assistant Deputy Auditor

ADAMS COUNTY  
**STATEMENT OF NET ASSETS - CASH BASIS**  
 June 30, 2011

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents (Note 1.D)	\$ 3,120,247
Investments (Note 1.D)	3,946,512
<b>TOTAL ASSETS</b>	<b>\$ 7,066,759</b>
 <b>NET ASSETS</b>	
Restricted for:	
Visitor Promotion	\$ 47,808
911 Emergency Services	59,429
Drug Education	373
Unrestricted	6,959,149
<b>TOTAL NET ASSETS</b>	<b>\$ 7,066,759</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, 2011

<b>Functions:</b>	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Assets
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
General Government	\$ (4,711,166)	\$ 757,961	\$ 82,993	\$ (3,870,212)
Public Safety	(4,203,163)	275,978	143,467	(3,783,718)
Public Works	(5,611,805)	-	3,607,656	(2,004,149)
Health and Sanitation	(71,213)	-	-	(71,213)
Public Assistance	(293,133)	-	-	(293,133)
Culture and Recreation	(256,584)	-	-	(256,584)
Capital Outlay	(1,094,157)	-	-	(1,094,157)
<b>Total Governmental Activities</b>	<b>\$ (16,241,221)</b>	<b>\$ 1,033,939</b>	<b>\$ 3,834,116</b>	<b>(11,373,166)</b>

General Receipts:	
Property Taxes	9,144,959
Grants and Contributions Not Restricted to Specific Programs	993,811
Investment Income	35,827
Licenses and Permits	140,718
Highway Allocation Bonds	4,150,650
Miscellaneous	259,343
<b>Total General Receipts</b>	<b>14,725,308</b>
Change in Net Assets	3,352,142
Net Assets - Beginning	3,714,617
<b>Net Assets - Ending</b>	<b>\$ 7,066,759</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, 2011

	General Fund	Escrow Holding Fund	Inheritance Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents (Note 1.D)	\$ 623,654	\$ 903,207	\$ 1,405,364	\$ -	\$ 188,022	\$ 3,120,247
Investments (Note 1.D)	390,019	-	500,000	3,056,493	-	3,946,512
<b>TOTAL ASSETS</b>	<b><u>\$ 1,013,673</u></b>	<b><u>\$ 903,207</u></b>	<b><u>\$ 1,905,364</u></b>	<b><u>\$ 3,056,493</u></b>	<b><u>\$ 188,022</u></b>	<b><u>\$ 7,066,759</u></b>
<b>FUND BALANCES</b>						
Restricted for:						
Visitor Promotion	\$ -	\$ -	\$ -	\$ -	\$ 47,808	\$ 47,808
911 Emergency Services					59,429	59,429
Drug Education					373	373
Committed to:						
General Government	-	39,460	-	-	-	39,460
Road Maintenance	-	677,536	-	3,056,493	-	3,734,029
Aid and Assistance	-	-	-	-	1	1
Public Safety	-	186,211	-	-	-	186,211
Employee Health Insurance	-	-	-	-	26,014	26,014
Culture and Recreation	-	-	-	-	54,397	54,397.00
Assigned to:						
Other Purposes	-	-	1,905,364	-	-	1,905,364
Unassigned	<u>1,013,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,013,673</u>
<b>TOTAL CASH BASIS FUND BALANCES</b>	<b><u>\$ 1,013,673</u></b>	<b><u>\$ 903,207</u></b>	<b><u>\$ 1,905,364</u></b>	<b><u>\$ 3,056,493</u></b>	<b><u>\$ 188,022</u></b>	<b><u>\$ 7,066,759</u></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, 2011

	General Fund	Escrow Holding Fund	Inheritance Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>						
Property Taxes	\$ 7,670,280	\$ -	\$ 1,121,788	\$ -	\$ 352,891	\$ 9,144,959
Licenses and Permits	140,718	-	-	-	-	140,718
Interest	35,827	-	-	-	-	35,827
Intergovernmental	4,801,822	-	17,491	-	8,614	4,827,927
Charges for Services	1,033,939	-	-	-	-	1,033,939
Miscellaneous	256,590	-	790	4,150,650	1,963	4,409,993
<b>TOTAL RECEIPTS</b>	<u>13,939,176</u>	<u>-</u>	<u>1,140,069</u>	<u>4,150,650</u>	<u>363,468</u>	<u>19,593,363</u>
<b>DISBURSEMENTS</b>						
General Government	3,963,916	608,793	54,421	-	84,036	4,711,166
Public Safety	4,106,735	-	-	-	96,428	4,203,163
Public Works	5,611,805	-	-	-	-	5,611,805
Health and Sanitation	71,213	-	-	-	-	71,213
Public Assistance	290,459	-	-	-	2,674	293,133
Culture and Recreation	-	-	-	-	256,584	256,584
Capital Outlay	-	-	-	1,094,157	-	1,094,157
<b>TOTAL DISBURSEMENTS</b>	<u>14,044,128</u>	<u>608,793</u>	<u>54,421</u>	<u>1,094,157</u>	<u>439,722</u>	<u>16,241,221</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(104,952)</u>	<u>(608,793)</u>	<u>1,085,648</u>	<u>3,056,493</u>	<u>(76,254)</u>	<u>3,352,142</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	300,000	733,764	-	-	93,950	1,127,714
Transfers out	(797,393)	-	(330,000)	-	(321)	(1,127,714)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(497,393)</u>	<u>733,764</u>	<u>(330,000)</u>	<u>-</u>	<u>93,629</u>	<u>-</u>
Net Change in Fund Balances	(602,345)	124,971	755,648	3,056,493	17,375	3,352,142
<b>CASH BASIS FUND BALANCES - BEGINNING</b>	<u>1,616,018</u>	<u>778,236</u>	<u>1,149,716</u>	<u>-</u>	<u>170,647</u>	<u>3,714,617</u>
<b>CASH BASIS FUND BALANCES - ENDING</b>	<u>\$ 1,013,673</u>	<u>\$ 903,207</u>	<u>\$ 1,905,364</u>	<u>\$ 3,056,493</u>	<u>\$ 188,022</u>	<u>\$ 7,066,759</u>

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

ADAMS COUNTY  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - CASH BASIS**  
**FIDUCIARY FUNDS**  
June 30, 2011

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,650,925
 <b>LIABILITIES</b>	
Due to other governments	
State	446,921
Schools	1,592,559
Educational Service Units	4,722
Technical College	27,820
Natural Resource Districts	6,563
Fire Districts	2,320
Municipalities	202,867
Agricultural Society	5,754
Townships	35,207
Sanitary and Improvement Districts	105,697
Clerk of the District Court Trust	218,260
Others	2,235
<b>TOTAL LIABILITIES</b>	<b>2,650,925</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, 2011

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 which are either fiscally dependent on the County or maintain a significant relationship with the County such that exclusion would be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County.

As required by generally accepted accounting principles (GAAP), these financial statements present the County (the primary government). No component units were identified.

**Joint Organization.**

Behavioral Health Region III - The County has entered into an agreement with surrounding counties and the Nebraska Health and Human Services System 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 \$116,408 toward the operation of the Region during fiscal year 2011.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Health and Human Services System requires the Region to be audited annually in accordance with State statute. Financial information for the Region is available in those audit reports.

Health Department – The County has entered into an agreement with South Heartland District Health Department (Department) to provide public health services. Agreements were established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636 (Reissue 2009, Supp. 2011).

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 made no contributions toward the operation of the Department during fiscal year 2011. 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 required to be audited annually in accordance with Neb. Rev. Stat. § 84-304(4) (Reissue 2008). Financial information for the Department is available in that report.

**B. Basis of Presentation**

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

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

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

The County reports the following major governmental funds:

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

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

**Escrow Holding Fund.** This fund is used to account for activity related to budgeting open and contracted commitments of the County.

**Capital Project Fund.** This fund is used to account for the receipt of Highway Allocation Bond proceeds issued during the fiscal year and expenditure of those bonds on various road projects.

The County reports the following additional 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.

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 Assets -

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 require 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 generally are 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 Assets**

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

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

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

Depreciation expenses on capital assets were not recorded on the cash basis financial statements. Under GAAP, depreciation expenses would be recorded in the Statement of Activities. The cost of normal maintenance and repairs that does not add to the value of the asset or extend asset life is not capitalized.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

**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 Assets.** 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 assets are reported as restricted when constraints placed on their use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net assets reports \$107,610 of restricted net assets which are restricted by enabling legislation.

2. **Deposits and Investments**

The County has generally pooled the cash resources of the various funds for investment purposes. Interest earned on pooled funds is credited to the County General Fund in accordance with Neb. Rev. Stat. § 77-2315 (Reissue 2009).

At year end, the County's carrying amount of deposits was \$3,120,247 for County funds and \$2,098,673 for Fiduciary funds. The bank balances for all funds totaled \$5,162,307. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2011, 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 are stated at cost, which approximates market. Investments consisted of \$10,000 in U.S. Government Securities and of \$3,936,512 for County funds and \$552,252 for Fiduciary funds deposited in the Nebraska Public Agency Investment Trust (NPAIT). 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 which 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 participant's each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name. The U.S. Government Securities were held by the County or its agent in the name of the County.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

**3. Property Taxes**

Property taxes are levied by the County Board on or before October 15 of each year for all political subdivisions in the County. Real estate and personal property taxes are due and attach as an enforceable lien on January 1 following the levy date, and 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. They may levy taxes in addition to the 50 cent limitation upon a vote of the people.

The levy set in October 2010, for the 2010, taxes which will be materially collected in May and September 2011, was set at \$.32791/\$100 of assessed valuation. The levy set in October 2009, for the 2009 taxes, which were materially collected in May and September 2010, was set at \$.336511/\$100 of assessed valuation. The amount collected for 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. It may be increased by 1% by a three-fourths majority of the County Board.

**4. Retirement System**

The Retirement System for Nebraska Counties (the Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2335 (Reissue 2007, Cum. Supp. 2010, Supp. 2011) 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 20. Part-time elected officials may exercise the option to join.

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



ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

account is fully vested after three years of participation in the system or credit for participation in another governmental plan prior to actual contribution to the Plan. Prior service benefits are paid directly by the County to the retired employee.

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

For the year ended June 30, 2011, 155 employees contributed \$220,903, and the County contributed \$331,356, which consisted entirely of cash contributions. Additionally, for the year ended June 30, 2011, 19 law enforcement employees and the County contributed \$8,702 in cash contributions for the supplemental law enforcement plan. Lastly, the County paid \$781 directly to 8 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 78 counties throughout Nebraska.

The County pays an annual deposit premium, as calculated by the administrator of the pool. The premium is based on the losses and exposures of each County and the entire pool. If the pool becomes insolvent or otherwise unable to discharge its legal liabilities and obligations, the County may be assessed by the Board for an additional contribution equal to its contribution for the current fiscal year, divided by the contribution of all participants for such year, times the amount of such deficiency. Each such assessment, and the manner of calculating the same, is sent to each county in writing, and each county has sixty days in which to pay the amount of such assessment. Each county remains liable for such assessments, regardless of such county's withdrawal from participation or the termination of the agreement, as well as for liabilities of the Pool incurred during such county's period of membership.

The agreement with NIRMA requires the risk pool to provide coverage for up to a maximum amount per occurrence and purchase commercial insurance for claims in excess of coverage provided. In the event of a liability exceeding the commercial insurance, the County would be responsible for funding the excess amount.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS  
(Continued)

5. **Risk Management** (Concluded)

	NIRMA Coverage	Maximum Coverage
General Liability Claim	\$ 300,000	\$ 5,000,000
Worker's Compensation Claim	\$ 500,000	Statutory Limits
Property Damage Claim	\$ 250,000	Insured Value at Replacement Cost

The County has not paid any additional assessments to the pool in the last three fiscal years, and no assessments are anticipated for fiscal year 2012. The County has not had to pay out any amounts that exceeded coverage provided by the pool in the last three fiscal years.

6. **Interfund Transfers**

Interfund transfers for the year ended June 30, 2011, consisted of the following:

<b>Transfers to</b>	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
General Fund	\$ -	\$ 300,000	\$ -	\$ 300,000
Escrow Holding Fund	733,764	-	-	733,764
Nonmajor Funds	63,629	30,000	321	93,950
<b>Total</b>	<b>\$ 797,393</b>	<b>\$ 330,000</b>	<b>\$ 321</b>	<b>\$ 1,127,714</b>

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**

The County issued bonds on May 12, 2011 in the amount of \$4,200,000 for the purpose of paying the costs of construction of certain streets, highways, and roads within Adams County. The bond payable balance, as of June 30, 2011, was \$4,200,000. 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 .85% to 3.70%.

ADAMS COUNTY

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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

Future Payments:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ -	\$ 114,232	\$ 114,232
2013	385,000	103,004	488,004
2014	385,000	99,057	484,057
2015	390,000	93,725	483,725
2016	400,000	86,803	486,803
2017-2021	2,165,000	268,151	2,433,151
2022-2026	475,000	8,788	483,788
Total Payments	<u>\$ 4,200,000</u>	<u>\$ 773,760</u>	<u>\$ 4,973,760</u>

8. **Highway Planning and Construction Grant**

The financial statements were adjusted to reflect receipts and disbursements of \$1,733,467 for a Highway Planning and Construction Grant. The grant was administered by the Nebraska Department of Roads and the County was responsible for oversight of the project. The money was not collected or disbursed by the County.

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

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 8,180,013	\$ 8,180,013	\$ 7,670,280	\$ (509,733)
Licenses and Permits	130,068	130,068	140,718	10,650
Interest	62,000	62,000	35,827	(26,173)
Intergovernmental	3,353,668	3,353,668	4,801,822	1,448,154
Charges for Services	1,079,385	1,079,385	1,033,939	(45,446)
Miscellaneous	124,437	124,437	256,590	132,153
<b>TOTAL RECEIPTS</b>	<b>12,929,571</b>	<b>12,929,571</b>	<b>13,939,176</b>	<b>1,009,605</b>
<b>DISBURSEMENTS</b>				
General Government:				
County Board	203,702	203,702	202,818	884
County Clerk	313,442	313,442	301,152	12,290
County Treasurer	420,061	420,061	390,351	29,710
Register of Deeds	191,823	191,823	191,755	68
County Assessor	445,683	445,683	441,494	4,189
Planning and Zoning	58,477	58,477	49,035	9,442
Clerk of the District Court	386,426	386,426	345,561	40,865
County Court System	133,736	167,347	167,347	-
District Judge	50,768	50,768	49,874	894
Public Defender	508,635	589,163	589,163	-
Building and Grounds	476,231	476,231	440,668	35,563
Agricultural Extension Agent	128,447	128,447	118,337	10,110
Data Processing	199,670	199,670	196,001	3,669
Microfilm	25,505	25,505	19,995	5,510
Miscellaneous	522,426	460,365	460,365	-
Public Safety:				
County Sheriff	1,625,445	1,625,445	1,401,131	224,314
County Attorney	739,077	739,077	700,143	38,934
Communication Center	47,448	47,448	45,853	1,595
County Jail	1,706,331	1,706,331	1,490,409	215,922
Emergency Management	149,790	150,312	138,312	12,000
Adult Probation	49,230	49,230	47,862	1,368
Juvenile Probation	3,600	3,600	3,184	416
Ambulance	150,000	150,000	150,000	-
Miscellaneous	200,133	200,133	129,841	70,292

(Continued)

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

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>DISBURSEMENTS (Continued)</b>				
Public Works:				
County Surveyor	23,976	23,976	13,158	10,818
Noxious Weed Control	82,827	82,827	78,847	3,980
Highway Grant	-	-	1,733,467	(1,733,467)
Road	4,524,186	4,524,186	3,766,423	757,763
Miscellaneous	125,000	58,205	19,910	38,295
Public Health:				
Miscellaneous	71,213	71,213	71,213	-
Public Assistance:				
Veterans' Service Officer	127,179	127,179	124,499	2,680
Senior Citizen Handi-Bus	-	-	-	-
Relief - Medical	44,000	58,195	58,195	-
Miscellaneous	108,449	108,449	107,765	684
<b>TOTAL DISBURSEMENTS</b>	<u>13,842,916</u>	<u>13,842,916</u>	<u>14,044,128</u>	<u>(201,212)</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(913,345)</u>	<u>(913,345)</u>	<u>(104,952)</u>	<u>808,393</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	300,000	300,000	300,000	-
Transfers out	(2,673)	(2,673)	(797,393)	(794,720)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>297,327</u>	<u>297,327</u>	<u>(497,393)</u>	<u>(794,720)</u>
Net Change in Fund Balance	(616,018)	(616,018)	(602,345)	13,673
<b>FUND BALANCES - BEGINNING</b>	<u>1,616,018</u>	<u>1,616,018</u>	<u>1,616,018</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,013,673</u>	<u>\$ 13,673</u>

(Concluded)

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

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ESCROW HOLDING FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
<b>TOTAL RECEIPTS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DISBURSEMENTS</b>	<b>778,236</b>	<b>778,236</b>	<b>608,793</b>	<b>169,443</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(778,236)</b>	<b>(778,236)</b>	<b>(608,793)</b>	<b>169,443</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	733,764	733,764
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>733,764</b>	<b>733,764</b>
Net Change in Fund Balance	(778,236)	(778,236)	124,971	903,207
FUND BALANCE - BEGINNING	778,236	778,236	778,236	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 903,207</u>	<u>\$ 903,207</u>
<b>INHERITANCE FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 700,000	\$ 700,000	\$ 1,121,788	\$ 421,788
Intergovernmental	30,000	30,000	17,491	(12,509)
Miscellaneous	900	900	790	(110)
<b>TOTAL RECEIPTS</b>	<b>730,900</b>	<b>730,900</b>	<b>1,140,069</b>	<b>409,169</b>
<b>DISBURSEMENTS</b>	<b>1,550,616</b>	<b>1,550,616</b>	<b>54,421</b>	<b>1,496,195</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(819,716)</b>	<b>(819,716)</b>	<b>1,085,648</b>	<b>1,905,364</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(330,000)	(330,000)	(330,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(330,000)</b>	<b>(330,000)</b>	<b>(330,000)</b>	<b>-</b>
Net Change in Fund Balance	(1,149,716)	(1,149,716)	755,648	1,905,364
FUND BALANCE - BEGINNING	1,149,716	1,149,716	1,149,716	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,905,364</u>	<u>\$ 1,905,364</u>

(Continued)

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

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>CAPITAL PROJECTS FUND</u></b>				
<b>RECEIPTS</b>				
Miscellaneous	\$ -	\$ 4,200,000	\$ 4,150,650	\$ (49,350)
<b>TOTAL RECEIPTS</b>	<u>-</u>	<u>4,200,000</u>	<u>4,150,650</u>	<u>(49,350)</u>
<b>DISBURSEMENTS</b>	<u>-</u>	<u>2,510,000</u>	<u>1,094,157</u>	<u>1,415,843</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>-</u>	<u>1,690,000</u>	<u>3,056,493</u>	<u>1,366,493</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	1,690,000	3,056,493	1,366,493
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ 1,690,000</u>	<u>\$ 3,056,493</u>	<u>\$ 1,366,493</u>

(Concluded)

ADAMS COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2011

BUDGETARY COMPARISON SCHEDULES

**GAAP Requirements**

Generally Accepted Accounting Principles (GAAP) requires budgetary comparison schedules for the General Fund, and for each major special revenue fund that has a legally adopted annual budget. GAAP further requires the budgetary comparison schedules to include the *original budget* and *final budget* amounts. The *original budget* is the first complete appropriated budget adjusted by reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes *before* the beginning of the fiscal year. The original budget would also include actual appropriation amounts automatically carried over from prior years, when required by law. The *final budget* is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year, as approved by the County Board or otherwise legally authorized.

**Budgetary Process**

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

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

The County Board is authorized to transfer budgeted amounts between departments within any fund through resolution; however, if revisions are made that alter the total disbursements of any fund, an additional public hearing be must 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.



ADAMS COUNTY  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2011

	Visitors Promotion Fund	County Insurance Fund	Veterans' Aid Fund	Library Fund	Drug Law Enforcement Fund	911 Emergency Services Fund	Total Nonmajor Governmental Funds
<b>RECEIPTS</b>							
Property Taxes	\$ 106,306	\$ -	\$ -	\$ 143,398	\$ -	\$ 103,187	\$ 352,891
Intergovernmental	-	-	1	8,613	-	-	8,614
Miscellaneous	-	1,963	-	-	-	-	1,963
<b>TOTAL RECEIPTS</b>	<u>106,306</u>	<u>1,963</u>	<u>1</u>	<u>152,011</u>	<u>-</u>	<u>103,187</u>	<u>363,468</u>
<b>DISBURSEMENTS</b>							
General Government	-	84,036	-	-	-	-	84,036
Public Safety	-	-	-	-	-	96,428	96,428
Public Assistance	-	-	2,674	-	-	-	2,674
Culture and Recreation	111,448	-	-	145,136	-	-	256,584
<b>TOTAL DISBURSEMENTS</b>	<u>111,448</u>	<u>84,036</u>	<u>2,674</u>	<u>145,136</u>	<u>-</u>	<u>96,428</u>	<u>439,722</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(5,142)</u>	<u>(82,073)</u>	<u>(2,673)</u>	<u>6,875</u>	<u>-</u>	<u>6,759</u>	<u>(76,254)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	91,277	2,673	-	-	-	93,950
Transfers out	(321)	-	-	-	-	-	(321)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(321)</u>	<u>91,277</u>	<u>2,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,629</u>
Net Change in Fund Balances	(5,463)	9,204	-	6,875	-	6,759	17,375
<b>FUND BALANCES - BEGINNING</b>	<u>53,271</u>	<u>16,810</u>	<u>1</u>	<u>47,522</u>	<u>373</u>	<u>52,670</u>	<u>170,647</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 47,808</u>	<u>\$ 26,014</u>	<u>\$ 1</u>	<u>\$ 54,397</u>	<u>\$ 373</u>	<u>\$ 59,429</u>	<u>\$ 188,022</u>
<b>FUND BALANCES:</b>							
Restricted for:							
Visitor Promotion	\$ 47,808	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,808
911 Emergency Services	-	-	-	-	-	59,429	59,429
Drug Education	-	-	-	-	373	-	373
Committed to:							
Aid and Assistance	-	-	1	-	-	-	1
Employee Health Insurance	-	26,014	-	-	-	-	26,014
Culture and Recreation	-	-	-	54,397	-	-	54,397
<b>TOTAL FUND BALANCES</b>	<u>\$ 47,808</u>	<u>\$ 26,014</u>	<u>\$ 1</u>	<u>\$ 54,397</u>	<u>\$ 373</u>	<u>\$ 59,429</u>	<u>\$ 188,022</u>

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

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>VISITORS PROMOTION FUND</u></b>				
<b>RECEIPTS</b>				
Taxes	\$ 104,999	\$ 104,999	\$ 106,306	\$ 1,307
<b>TOTAL RECEIPTS</b>	<u>104,999</u>	<u>104,999</u>	<u>106,306</u>	<u>1,307</u>
<b>DISBURSEMENTS</b>	<u>139,263</u>	<u>139,263</u>	<u>111,448</u>	<u>27,815</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(321)	(321)
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>(321)</u>	<u>(321)</u>
Net Change in Fund Balance	(34,264)	(34,264)	(5,463)	28,801
FUND BALANCE - BEGINNING	<u>53,271</u>	<u>53,271</u>	<u>53,271</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 19,007</u>	<u>\$ 19,007</u>	<u>\$ 47,808</u>	<u>\$ 28,801</u>
<b><u>COUNTY INSURANCE FUND</u></b>				
<b>RECEIPTS</b>				
Miscellaneous	\$ 63,000	\$ 63,000	\$ 1,963	\$ (61,037)
<b>TOTAL RECEIPTS</b>	<u>63,000</u>	<u>63,000</u>	<u>1,963</u>	<u>(61,037)</u>
<b>DISBURSEMENTS</b>	<u>100,000</u>	<u>100,000</u>	<u>84,036</u>	<u>15,964</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	30,000	30,000	91,277	61,277
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<u>30,000</u>	<u>30,000</u>	<u>91,277</u>	<u>61,277</u>
Net Change in Fund Balance	(7,000)	(7,000)	9,204	16,204
FUND BALANCE - BEGINNING	<u>16,810</u>	<u>16,810</u>	<u>16,810</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 9,810</u>	<u>\$ 9,810</u>	<u>\$ 26,014</u>	<u>\$ 16,204</u>

(Continued)

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

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>VETERANS' AID FUND</b>				
<b>RECEIPTS</b>				
Intergovernmental	\$ -	\$ -	\$ 1	\$ 1
<b>TOTAL RECEIPTS</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>
<b>DISBURSEMENTS</b>	<b>2,674</b>	<b>2,674</b>	<b>2,674</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,673	2,673	2,673	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<b>2,673</b>	<b>2,673</b>	<b>2,673</b>	<b>-</b>
Net Change in Fund Balance	(1)	(1)	-	1
FUND BALANCE - BEGINNING	1	1	1	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>
<b>LIBRARY FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 152,490	\$ 152,490	\$ 143,398	\$ (9,092)
Intergovernmental	7,399	7,399	8,613	1,214
<b>TOTAL RECEIPTS</b>	<b>159,889</b>	<b>159,889</b>	<b>152,011</b>	<b>(7,878)</b>
<b>DISBURSEMENTS</b>	<b>206,136</b>	<b>206,136</b>	<b>145,136</b>	<b>61,000</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balance	(46,247)	(46,247)	6,875	53,122
FUND BALANCE - BEGINNING	47,522	47,522	47,522	-
FUND BALANCE - ENDING	<u>\$ 1,275</u>	<u>\$ 1,275</u>	<u>\$ 54,397</u>	<u>\$ 53,122</u>

(Continued)

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

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>DRUG LAW ENFORCEMENT FUND</u></b>				
<b>RECEIPTS</b>				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
<b>TOTAL RECEIPTS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DISBURSEMENTS</b>				
	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balance	-	-	-	-
FUND BALANCE - BEGINNING	373	373	373	-
FUND BALANCE - ENDING	<u>\$ 373</u>	<u>\$ 373</u>	<u>\$ 373</u>	<u>\$ -</u>
<b><u>911 EMERGENCY SERVICES FUND</u></b>				
<b>RECEIPTS</b>				
Taxes	\$ 105,030	\$ 105,030	\$ 103,187	\$ (1,843)
<b>TOTAL RECEIPTS</b>	<b>105,030</b>	<b>105,030</b>	<b>103,187</b>	<b>(1,843)</b>
<b>DISBURSEMENTS</b>				
	157,700	157,700	96,428	61,272
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balance	(52,670)	(52,670)	6,759	59,429
FUND BALANCE - BEGINNING	52,670	52,670	52,670	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,429</u>	<u>\$ 59,429</u>

(Concluded)

ADAMS COUNTY  
**SCHEDULE OF OFFICE ACTIVITIES**  
For the Year Ended June 30, 2011

	County Clerk	Register of Deeds	Clerk of the District Court	County Sheriff	County Attorney	Weed Superin- tendent	Highway Superin- tendent	Veterans' Service Officer	County Planning and Zoning	Total
BALANCE JULY 1, 2010	\$ 891	\$ 32,641	\$ 381,773	\$ 72,681	\$10,588	\$ 60	\$ 5,226	\$ 3,326	\$ 25	\$ 507,211
<b>RECEIPTS</b>										
Property Taxes	-	-	-	-	-	-	-	-	-	-
Licenses and Permits	3,090	-	-	1,845	-	-	-	-	-	4,935
Intergovernmental	-	-	-	-	-	-	320,176	-	-	320,176
Charges for Services	2,269	135,207	88,314	191,074	-	10,798	1,825	-	29,282	458,769
Miscellaneous	-	-	-	165	-	-	169,543	-	-	169,708
State Fees	-	115,863	50,074	-	-	-	-	-	-	165,937
Other Liabilities	-	-	1,587,963	170,327	33,066	-	-	2,674	-	1,794,030
<b>TOTAL RECEIPTS</b>	<b>5,359</b>	<b>251,070</b>	<b>1,726,351</b>	<b>363,411</b>	<b>33,066</b>	<b>10,798</b>	<b>491,544</b>	<b>2,674</b>	<b>29,282</b>	<b>2,913,555</b>
<b>DISBURSEMENTS</b>										
Payments to County Treasurer	5,515	138,983	89,184	217,630	1,160	10,428	493,378	-	29,282	985,560
Payments to State Treasurer	-	123,636	49,518	-	-	-	-	-	-	173,154
Other Liabilities	-	-	1,742,260	172,158	34,808	-	-	3,346	-	1,952,572
<b>TOTAL DISBURSEMENTS</b>	<b>5,515</b>	<b>262,619</b>	<b>1,880,962</b>	<b>389,788</b>	<b>35,968</b>	<b>10,428</b>	<b>493,378</b>	<b>3,346</b>	<b>29,282</b>	<b>3,111,286</b>
BALANCE JUNE 30, 2011	<u>\$ 735</u>	<u>\$21,092</u>	<u>\$ 227,162</u>	<u>\$ 46,304</u>	<u>\$ 7,686</u>	<u>\$ 430</u>	<u>\$ 3,392</u>	<u>\$ 2,654</u>	<u>\$ 25</u>	<u>\$ 309,480</u>
<b>BALANCE CONSISTS OF:</b>										
Due to County Treasurer	\$ 735	\$ 9,917	\$ 3,980	\$ 40,647	\$ 3,226	\$ 405	\$ 3,192	\$ 2,654	\$ -	\$ 64,756
Petty Cash	-	-	-	4,934	2,027	25	200	-	25	7,211
Due to State Treasurer	-	11,175	4,922	-	-	-	-	-	-	16,097
Due to Others	-	-	218,260	723	2,433	-	-	-	-	221,416
BALANCE JUNE 30, 2011	<u>\$ 735</u>	<u>\$21,092</u>	<u>\$ 227,162</u>	<u>\$ 46,304</u>	<u>\$ 7,686</u>	<u>\$ 430</u>	<u>\$ 3,392</u>	<u>\$ 2,654</u>	<u>\$ 25</u>	<u>\$ 309,480</u>

ADAMS COUNTY  
**SCHEDULE OF TAXES CERTIFIED AND COLLECTED FOR**  
**ALL POLITICAL SUBDIVISIONS IN THE COUNTY**  
 June 30, 2011

Item	2006	2007	2008	2009	2010
<b>Tax Certified by Assessor</b>					
Real Estate	\$ 33,197,316	\$ 33,175,945	\$ 34,629,943	\$ 36,297,703	\$ 37,704,238
Personal and Specials	2,034,739	2,202,187	2,184,490	2,426,897	3,531,511
<b>Total</b>	<b>35,232,055</b>	<b>35,378,132</b>	<b>36,814,433</b>	<b>38,724,600</b>	<b>41,235,749</b>
<b>Corrections</b>					
Additions	45,186	22,987	19,338	220,790	13,150
Deductions	(98,783)	(21,039)	(45,002)	(90,536)	(5,035)
Net Additions/ (Deductions)	(53,597)	1,948	(25,664)	130,254	8,115
<b>Corrected Certified Tax</b>	<b>35,178,458</b>	<b>35,380,080</b>	<b>36,788,769</b>	<b>38,854,854</b>	<b>41,243,864</b>
<b>Net Tax Collected by County Treasurer during Fiscal Year Ending:</b>					
June 30, 2007	20,671,367	-	-	-	-
June 30, 2008	14,424,932	20,452,926	-	-	-
June 30, 2009	31,687	14,863,646	21,397,426	-	-
June 30, 2010	15,550	24,502	15,277,472	22,811,081	-
June 30, 2011	7,584	10,220	42,108	15,944,335	24,235,407
<b>Total Net Collections</b>	<b>35,151,120</b>	<b>35,351,294</b>	<b>36,717,006</b>	<b>38,755,416</b>	<b>24,235,407</b>
<b>Total Uncollected Tax</b>	<b>\$ 27,338</b>	<b>\$ 28,786</b>	<b>\$ 71,763</b>	<b>\$ 99,438</b>	<b>\$ 17,008,457</b>
<b>Percentage Uncollected Tax</b>	<b>0.08%</b>	<b>0.08%</b>	<b>0.20%</b>	<b>0.26%</b>	<b>41.24%</b>

ADAMS COUNTY  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal Expenditures
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>		
Passed through Nebraska Military Department		
Homeland Security Grant Program	97.067	\$ 32,110
Emergency Management Performance Grants	97.042	71,269
Disaster Grants - Public Assistance	97.036	<u>160,787</u>
Total U.S. Department of Homeland Security		<u>264,166</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>		
Passed through Nebraska Commission on Law Enforcement and Criminal Justice		
Emergency Management Performance Grants	16.575	<u>31,784</u>
Total U.S. Department of Justice		<u>31,784</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		
Passed through Nebraska Department of Health and Human Services		
Child Support Enforcement	93.563	<u>86,944</u>
Total U.S. Department of Health and Human Services		<u>86,944</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>		
Passed through Nebraska Department of Roads		
Highway Planning and Construction	ARRA 20.205	433,576 *
Highway Planning and Construction	20.205	<u>1,299,891 *</u>
Total U.S. Department of Transportation		<u>1,733,467</u>
<b>U.S. DEPARTMENT OF ENERGY</b>		
Passed through Nebraska Department of Energy		
Energy Efficiency and Conservation Block Grant Program	ARRA 81.128	<u>7,800</u>
Total U.S. Department of Energy		<u>7,800</u>
<b>EXECUTIVE OFFICE OF THE PRESIDENT</b>		
Passed through Nebraska State Patrol		
High Intensity Drug Trafficking Areas Program	95.001	<u>23,417</u>
Total Executive Office of the President		<u>23,417</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<u><u>\$ 2,147,578</u></u>

\* Represents Major Programs

See accompanying Notes to the Schedule of Expenditures of Federal Awards

## ADAMS COUNTY

### NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

#### 1. General

The accompanying schedule of expenditures of Federal awards (the Schedule) presents the activity of all Federal awards programs of Adams County (the County), except as noted in Note 2 below. The County's reporting entity is defined in Note 1.A. to the County's financial statements. Federal awards received directly from Federal agencies, as well as those passed through other government agencies, are included in the Schedule. Unless otherwise noted on the Schedule, all programs are received directly from the respective Federal agency. Due to the operations of the County, the accumulation of amounts passed to subrecipients by the County is not practical.

#### 2. Summary of Significant Accounting Policies

##### A. **Reporting Entity**

The County's reporting entity is defined in Note 1.A. to the financial statements. The accompanying Schedule includes the Federal awards programs administered by the County for the fiscal year ended June 30, 2011.

##### B. **Basis of Presentation**

The accompanying Schedule presents total expenditures for each Federal awards program in accordance with Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements. Federal program titles are reported as presented in the Catalog of Federal Domestic Assistance (CFDA), whenever possible.

**Federal Awards.** Pursuant to OMB Circular A-133, Federal awards are defined as assistance provided by a Federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations.

**Major Programs.** In accordance with OMB Circular A-133, major programs are determined using a risk-based approach. Programs in the accompanying Schedule denoted with an asterisk (\*) are considered major programs.

##### C. **Basis of Accounting**

The accompanying Schedule was prepared on the cash basis of accounting.

**Matching Costs.** The Schedule does not include matching expenditures from general revenues of the County.





## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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ADAMS COUNTY  
**INDEPENDENT AUDITORS' 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 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, 2011, and have issued our report thereon dated October 4, 2011. The report notes the financial statements were prepared on the basis of cash receipts and disbursements. Except as noted above, 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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Adams County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been 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, detect, or 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, detected or corrected on a timely basis. We consider the following deficiency to be a material weakness:

- The County offices had a lack of segregation of duties since 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. 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*: Finding #2 in the accompanying Schedule of Findings and Questioned Costs.

We also noted certain matters that we reported to management of Adams County in a separate letter dated October 4, 2011.

This report is intended solely for the information and use of management, the County Board, others within the entity, the State Legislature, the appropriate Federal and regulatory agencies, and citizens of the State of Nebraska, and is not intended to be and should not be used by anyone other than these specified parties.

Signed Original on File

October 4, 2011

Deann Haeffner, CPA  
Assistant Deputy Auditor



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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ADAMS COUNTY  
**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Supervisors  
Adams County, Nebraska

### Compliance

We have audited Adams County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Adams County's major Federal programs for the year ended June 30, 2011. Adams County's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of Adams County's management. Our responsibility is to express an opinion on Adams County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Adams County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Adams County's compliance with those requirements.

In our opinion, Adams County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with these requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as Finding #2.

### Internal Control Over Compliance

Management of Adams County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered Adams County's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Adams County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the County Board, others within the entity, citizens of the State of Nebraska, the State Legislature, and Federal awarding agencies and pass-through entities and 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.

Signed Original on File

October 4, 2011

Deann Haeffner, CPA  
Assistant Deputy Auditor

ADAMS COUNTY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2011

SECTION I. SUMMARY OF AUDITORS' RESULTS

Type of auditors' report issued:	<b>Unqualified</b>
Internal control over financial reporting:	
Material weaknesses identified?	<u> X </u> Yes    ___ No
Significant deficiencies identified?	___ Yes <u> X </u> None Reported
Noncompliance material to financial statements noted?	<u> X </u> Yes    ___ No
Internal control over major programs:	
Material weaknesses identified?	___ Yes <u> X </u> No
Significant deficiencies identified?	___ Yes <u> X </u> None Reported
Type of auditors' report issued on compliance for major programs:	<b>Unqualified</b>
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133:	<u> X </u> Yes    ___ No
Major programs: <b>Highway Planning and Construction, CFDA 20.205</b>	
Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee:	___ Yes <u> X </u> No

SECTION II. FINANCIAL STATEMENT FINDINGS

**Finding #2011-1**

Condition - There is a lack of segregation of accounting functions among various County offices and personnel. This is a continuing item from the prior year.

Criteria - Authorization or approval of transactions, recording of transactions, and custody of assets should normally be segregated from each other.

ADAMS COUNTY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

(Continued)

SECTION II. FINANCIAL STATEMENT FINDINGS (Concluded)

Effect of the Condition - This lack of segregation of duties results in an inadequate overall internal control structure design.

Cause of the Condition - The County does not employ sufficient office personnel to properly segregate accounting functions.

Recommendation - The County should be aware of the inherent risks associated with improper segregation of accounting functions. The County should also develop mitigating controls to reduce the risk of errors or fraud associated with improper segregation of accounting functions.

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

**Finding #2011-2**

Program - CFDA 20.205 - Highway Planning and Construction

Federal Grantor Agency - U.S. Department of Transportation passed through Nebraska Department of Roads.

Condition - The receipts and disbursements related to the Highway Planning and Construction Grant were not approved by the County Board or reflected in the County budget.

Criteria - Neb. Rev. Stat. § 23-109 states, "The county board shall have power to examine and settle all accounts against the county and all accounts concerning the receipts and expenditures of the county." Neb. Rev. Stat. § 23-903 requires the budget of the County to present a complete financial plan of all expenditures and anticipated income. OMB Circular A-87 (C.1.e.) requires expenditures to be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.

Questioned Costs - None

Context - The grant was administered by the Nebraska Department of Roads, the County did not receive or disburse the Federal funds. The County oversaw the work performed on the project and signed the agreement with the vendor to perform the work.

Cause - The Nebraska Department of Roads established procedures to be followed by the County, but failed to consider all applicable State statutes.

ADAMS COUNTY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
(Continued)

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Concluded)

Effect - The County was not in compliance with State statutes.

Recommendation - We recommend the County Board approve all payments to the vendor and record all expenditures and income in the County budget.

Management's Response – Adams County is aware of the revised draft of our audit regarding the federal money that was used for highway projects in Adams County. We were not aware; however, of our requirement to budget for the funds used in these projects. Adams County will attempt to follow all regulations as required in the future.



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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October 4, 2011

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, 2011, and have issued our report thereon dated October 4, 2011. 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 areas as follows:

### COUNTY OVERALL

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#### **Segregation of Duties**

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

We noted the offices of the County each had a lack of segregation of duties since one person could handle all aspects of processing a transaction from beginning to end. Due to a limited number of personnel, an adequate segregation of duties is not possible without additional cost. This was also noted in prior audits.

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



## **COUNTY BOARD**

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### **Supplemental Retirement**

Neb. Rev. Stat. § 23-2332.01 (Reissue 2007) states, in part, that counties “shall establish and fund a supplemental retirement plan for the benefit of all present and future commissioned law enforcement personnel employed by such county who possess a valid law enforcement officer certificate or diploma, as established by the Nebraska Police Standards Advisory Council.”

During our audit it was noted that one County Sheriff’s office employee contributed an additional 1% towards the supplemental retirement plan for six months, during which he did not have a valid law enforcement officer certificate or diploma. The employee and the County incorrectly contributed \$153 each to the supplemental retirement plan during fiscal year 2011.

When employees without valid law enforcement officer certificates or diplomas are allowed to contribute toward the supplemental retirement plan, both the employee and the County’s participation is not compliant with State statute.

We recommend procedures be implemented to ensure that individuals contributing to the supplemental retirement plan are certified law enforcement officers. We further recommend the County work with the Nebraska Public Employees Retirement Systems to determine the appropriate employee and employer refunds for the amounts incorrectly contributed.

### **Employee Health Benefits**

During our audit it was noted the County lacked documentation and Board of Supervisors’ approval of employee/employer health benefit premium contribution rates.

Good internal control and sound business practices require employers to directly communicate to their employees benefit information, including health premium costs and contributions, so that employees have a comprehensive understanding of plan costs and benefits. In addition, governing board approval of employer/employee benefit contributions should be documented in the Board minutes.

When employee benefit premiums are not completely and accurately documented, communicated, and approved by governing boards, there is an increased risk of employee dispute and/or litigation.

We recommend all employee/employer benefit contribution rates be approved by the Board of Supervisors, documented, and communicated to County employees in a timely manner.

## **COUNTY TREASURER**

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### **Property Tax Credit Distribution**

During our audit we noted the County Treasurer received \$2,473 in excess property tax credit as a result of property tax corrections which occurred prior to July 1, 2011. Rather than return this excess tax credit amount to the Nebraska State Treasurer, the County Treasurer distributed the amount to all taxing political subdivisions which resulted in those entities receiving funds not due them.

Nebraska Department of Revenue Directive 09-3 states, in part, "For tax list corrections that occur on or before July 1, the county treasurer should use the unused credit amount to cover those corrections. The amount returned to the State will be the amount shown on the tax lists as unused credit, plus or minus the corrections on or before July 1."

When tax distributions are not calculated correctly, political subdivisions do not receive the correct amount of tax credit receipts due them.

We recommend the County Treasurer review State Directive 09-3 to ensure all future property tax credits are completely and accurately distributed. In addition, a corrective journal entry should be made to correct the distribution of the 2010 property tax credit with the \$2,473 in excess credit returned to the Nebraska State Treasurer.

### **Investment Carrying Values**

During our audit we noted the County Treasurer's carrying value of two US Savings Bonds was \$10,000; however, the appreciated value of the bonds as of June 30, 2011 was \$11,352. It was also noted that a separate investment held by the County Treasurer did not have \$685 of earned interest recorded on the books.

Sound accounting practices require all investments be recorded on the County Treasurer financial records as completely and accurately as practicable. In doing so, interest earnings should be promptly posted as soon as the County Treasurer is informed and/or made aware of such earnings. Furthermore, when the County Treasurer holds long-term government investments, such as U.S. Treasury or municipal bonds, the Treasurer should periodically calculate the current value of such holdings and update the financial records accordingly.

When investments are not maintained on the financial records at known current values, there is an increased risk of loss, theft, or misuse of such funds.

We recommend all investments values be completely and accurately recorded on the County Treasurer's financial records in a timely manner.

## **COUNTY ATTORNEY**

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### **Unclaimed Property**

On September 3, 2010, the County Attorney prepared a Nebraska State Treasurer Unclaimed Property remittance form along with two checks to transmit unclaimed funds in the County Attorney's possession as of June 30, 2010; one check from the Trust bank account for \$996 and one from the "Special Fund" petty cash bank account for \$102. As of August 10, 2011, neither of these checks had cleared their respective bank accounts with both remaining outstanding.

Neb. Rev. Stat. § 69-1310 (Reissue 2009), the Unclaimed Property Act, provides any unclaimed property, after three years, is presumed abandoned. Any presumed abandoned property, as of June 30 each year, must be reported and remitted to the State Treasurer by November 1 of each year. In addition, good internal control and sound accounting practices require prompt and timely follow-up of all outstanding checks.

Noncompliance with the Unclaimed Property Act was also noted in prior audits.

When unclaimed property is not remitted pursuant to the Unclaimed Property Act, the County is not in compliance with State statute. In addition, the County is exposed to an increased risk of loss, theft, or misuse of funds.

We recommend all unclaimed property be reported and remitted to the State Treasurer in accordance with State statute.

*County Attorney's Response: As to the checks for Unclaimed Property that were remitted to the Nebraska State Treasurer and have not cleared, my office manager has indicated to me that she has been advised by that office that these checks were not received by their office. Per your representative's instructions we have issued and remitted new checks to the State Treasurer.*

### **Office Accountability**

During our audit the following was noted:

- As of June 30, 2011, a total of \$2,432 in trust funds (\$2,410 in the "Trust" bank account and \$22 in the "Check Reimbursement" bank account) could not be accounted for as to whom those funds were owed.
- Receipts were not deposited into the office's various bank accounts in a timely manner.
- Two bank accounts, the "Law Library" and the "Child & Family Support" accounts, with combined balances as of June 30, 2011, totaling \$1,161, have been dormant with no activity for several years.

Sound accounting practices require all monies held in trust be adequately detailed as to whom such funds are owed. In addition, sound accounting practices also require all receipts be deposited on a frequent, ongoing basis and dormant and/or otherwise inactive bank accounts be resolved in a timely manner in order to reduce the risk of loss, theft, or misuse.

These issues have been previously noted in prior audits.

When monies received are not adequately accounted for in a complete, accurate, and timely manner there is an increased risk of loss, theft, or misuse of such funds.

We recommend the County Attorney review its office accountability procedures in each of the above noted areas and implement procedures to ensure complete, accurate, and timely accountability of all monies.

*County Attorney's Response: With regard to the trust funds to which we cannot account to whom the monies are owed, we would request instruction on how to proceed. The amount in the Check Reimbursement account is not attributable to any one transaction; rather, there was a time when a person would pay restitution for an insufficient check and tell us to keep any overage, e.g. the restitution amount would be \$10.67 and they would give us \$11.00. We would tell them that we could not give change back and rather than go to the Treasurer's Office for the exact amount they would tell us to keep the 33¢. Although we no longer accept anything but the exact change, the amount as indicated cannot be attributed back to the persons by which it was paid.*

*With regard to the Trust account, there have been amounts since I took over the office in 1995 for which the payee is unknown. We have held off remitting these amounts to the County Treasurer in the event someone would demand restitution for which we could ultimately prove they were entitled. I have, however, instructed my office manager to go through the account and remit to the Adams County Treasurer any amounts not directly attributable to any payee.*

*I have reviewed the Law Library account which I recognize has been dormant for several years. This account was established by deposits from local members of the bar association to renovate the law library. Unless I can determine that something is needed in the law library I will remit this balance to the Adams County Bar Association and close out the account.*

**APA Response: We recommend the County Attorney remit to the County Treasurer funds which cannot be accounted to whom the monies are owed.**

## COUNTY SHERIFF

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### Sheriff Accounting Procedures

During our audit we noted the following issues with the County Sheriff's accounting procedures:

- The County Sheriff did not remit all fees and mileage earned to the County Treasurer, but instead remitted only those monies collected.
- Cash in the Commissary change box could not be tied to receipts or the established cash on hand amount. The change box is maintained at a specific amount equal to \$165 in bills, plus an unidentified amount of change. During a cash count performed August 8, 2011, \$19 in excess of the \$165 in bills was maintained in the change box.

- Also during the cash count, \$10 was noted in the counter till which could not be traced to a receipt.
- Testing of petty cash reimbursements noted two instances where per diem amounts were paid out of the revolving fund for travel expenses. There was no documentation on file to support the per diem amounts paid.
- Food and revolving petty cash accounts are not maintained at an authorized amount.
- The \$25 balance maintained in the mileage account is not a petty cash fund authorized by the County Board.
- Excess balances were retained in the following accounts as of June 30, 2011:
  - Special Deposits - \$5
  - Child Support - \$1,848
  - Intoxilizer - \$4,734
  - Fees - \$2,423

Similar issues were noted in the prior audit; however, we have seen improvements in these areas and recognize the efforts being made to bring the County Sheriff's office into compliance.

Neb. Rev. Stat. § 33-117(3) (Supp. 2010) states, in part, "...The sheriff...shall pay all fees earned to the county treasurer...on the first Tuesday in January, April, July, and October of each year...." Neb. Rev. Stat. § 23-1601(1) (Reissue 2007) states, in part, "...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...."

Sound accounting practices and good internal control require procedures be in place to ensure office assets (cash on hand, reconciled bank balances, accounts receivable, advanced fees, 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. In addition, good internal control requires strong basic accounting procedures be implemented to assist in reducing the risk of loss, theft, or misuse of funds.

When all monies received are not appropriately accounted for and sound accounting practices and good internal control procedures are not in place, there is an increased risk of loss, theft, or misuse of funds. When all monies earned are not remitted to the County Treasurer, the County Sheriff is not in compliance with State statute. Additionally, failure to determine asset-to liability balancing variances contributes to an increased risk of loss, theft, or misuse of funds in addition to allowing errors not to be detected and resolved in a timely manner.

We recommend all monies received be deposited with the County Treasurer. We also recommend the County Sheriff implement procedures to ensure cash on hand is adequately controlled, and receipts are written for all collections. We recommend the County Sheriff remit all fees earned to the County Treasurer on, at a minimum, a quarterly basis. We further recommend the County Sheriff continue their monthly reconciliation procedures and remit all excess funds to the County Treasurer, or have the excess balance authorized as a petty cash fund and reconcile those accounts to the authorized amount.

## **CLERK OF THE DISTRICT COURT**

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### **Monthly Report Review**

During testing of the June 30, 2011, case balances, four of the eight balances tested, totaling \$33,184, did not have subsequent follow-up by the District Court to resolve the balances:

- One civil case in which \$15,125 in judgment and costs were paid into the District Court on April 16, 2009.
- One civil case in which \$15,467 from proceeds of the sale of property was paid into the District Court on September 9, 2009.
- One civil case in which \$146 had been paid into the District Court on November 8, 2004, adjusted to the Unclaimed Property account on May 9, 2005.
- One criminal case in which \$2,446 in restitution was paid into the District Court on November 21, 2008.

Good internal control requires the Clerk of the District Court have procedures in place which provide ongoing, detailed review of monthly financial reports, including the Monthly Case Balance Report and the Report of Non-Case Receipts to address and/or resolve balances in a timely manner. In addition, Neb. Rev. Stat. § 24-345 (Reissue 2008) requires the Clerk of the District Court to remit to the State Treasurer on the first Tuesday in January, April, July, or October, respectively, all unclaimed property in his/her possession for a period of three years following the close of litigation in relation to money.

When monies coming into the possession of the Clerk of the District Court are not disbursed and/or otherwise resolved in a timely manner, there is an increased risk of loss, theft, or misuse of those funds. In addition, when dormant funds are not remitted to the State Treasurer in accordance with the Unclaimed Property Act, the Clerk of the District Court is not in compliance with State statute.

We recommend all monies received by the Clerk of the District Court be disbursed and/or otherwise resolved in a timely manner. Furthermore, any unclaimed funds remaining in the possession of the Clerk of the District Court must be remitted to the State Treasurer in accordance with the timely remittance required by the Unclaimed Property Act.

*Clerk of the District Court's Response: I appreciate the info you provided on releasing the funds I had been holding in several cases. I have since released those funds to the parties and will check on the report at the end of the month. Your input is very welcome, anything to make my office run smoother!!*

## **WEED SUPERINTENDENT**

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### **Rates and Charges**

During our audit we noted the various chemical rates and personnel/equipment charges billed to customers were not: (1) approved by the County Board of Supervisors; and (2) documented to include the methodology used to determine rate/charge amounts.

Neb. Rev. Stat. § 23-106 (Reissue 2007) assigns to the County Board responsibility for managing County funds and County business. In addition, sound business practices require complete and accurate documentation related to the calculation and/or determination of rates and/or charges.

When rates and/or charges are not adequately documented and approved by the County's governing Board, there is an increased risk of subsequent customer dispute of such items.

We recommend all rates and/or charges for which amounts are not otherwise specifically provided for in State statute be both documented to include the calculation methodology and approved by the County Board of Supervisors.

It should be noted this report is critical in nature since 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 them 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 have been objectively evaluated and recognized, as appropriate, in the report. Responses that indicate corrective action has been taken were not verified at this time, but will be verified in the next audit.

We appreciate the cooperation and courtesy extended to our auditors during the course of the 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 is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Signed Original on File

Deann Haeffner, CPA  
Assistant Deputy Auditor