

**AUDIT REPORT
OF
ADAMS COUNTY**

JULY 1, 2011 THROUGH JUNE 30, 2012

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the Auditor of Public Accounts.**

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Issued on September 25, 2012

ADAMS COUNTY

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ADAMS COUNTY

LIST OF COUNTY OFFICIALS

At June 30, 2012

<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	Appointed
Judy Mignery	Planning & Zoning	Appointed



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ADAMS COUNTY

INDEPENDENT AUDITOR'S 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, 2012, 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, 2012, 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 September 21, 2012, 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.

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

The County has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the 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.

Signed Original on File

September 21, 2012

Deann Haeffner, CPA
Assistant Deputy Auditor

ADAMS COUNTY
STATEMENT OF NET ASSETS - CASH BASIS
 June 30, 2012

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 4,530,716
Investments (Note 1.D)	374,921
TOTAL ASSETS	\$ 4,905,637
 NET ASSETS	
Restricted for:	
Visitor Promotion	\$ 44,056
911 Emergency Services	84,715
Drug Education	373
Unrestricted	4,776,493
TOTAL NET ASSETS	\$ 4,905,637

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, 2012

Functions:	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Assets
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ (4,827,456)	\$ 884,858	\$ 59,209	\$ (3,883,389)
Public Safety	(4,378,330)	263,081	237,486	(3,877,763)
Public Works	(3,581,757)	-	1,730,311	(1,851,446)
Public Assistance	(502,217)	-	-	(502,217)
Culture and Recreation	(121,830)	-	-	(121,830)
Debt Payments	(114,232)	-	-	(114,232)
Capital Outlay	(3,147,424)	-	-	(3,147,424)
Total Governmental Activities	<u><u>\$ (16,673,246)</u></u>	<u><u>\$ 1,147,939</u></u>	<u><u>\$ 2,027,006</u></u>	<u><u>(13,498,301)</u></u>

General Receipts:

Property Taxes	10,089,153
Grants and Contributions Not Restricted to Specific Programs	782,683
Investment Income	24,554
Licenses and Permits	138,677
Miscellaneous	302,112
Total General Receipts	<u><u>11,337,179</u></u>
Change in Net Assets	(2,161,122)
Net Assets - Beginning	7,066,759
Net Assets - Ending	<u><u>\$ 4,905,637</u></u>

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

ADAMS COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS

June 30, 2012

	<u>General Fund</u>	<u>Escrow Holding Fund</u>	<u>Inheritance Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents (Note 1.D)	\$ 925,616	\$ 1,150,045	\$ 2,194,514	\$ 34,219	\$ 226,322	\$ 4,530,716
Investments (Note 1.D)	374,921	-	-	-	-	374,921
TOTAL ASSETS	<u>\$ 1,300,537</u>	<u>\$ 1,150,045</u>	<u>\$ 2,194,514</u>	<u>\$ 34,219</u>	<u>\$ 226,322</u>	<u>\$ 4,905,637</u>
FUND BALANCES						
Restricted for:						
Visitor Promotion	\$ -	\$ -	\$ -	\$ -	\$ 44,056	\$ 44,056
911 Emergency Services	-	-	-	-	84,715	84,715
Drug Education	-	-	-	-	373	373
Committed to:						
Aid and Assistance	-	-	-	-	2	2
Employee Health Insurance	-	-	-	-	28,297	28,297
Culture and Recreation	-	-	-	-	68,879	68,879
General Government	-	159,938	-	-	-	159,938
Public Works	-	829,973	-	34,219	-	864,192
Public Safety	-	160,134	-	-	-	160,134
Assigned to:						
Other Purposes	-	-	2,194,514	-	-	2,194,514
Unassigned	1,300,537	-	-	-	-	1,300,537
TOTAL CASH BASIS FUND BALANCES	<u>\$ 1,300,537</u>	<u>\$ 1,150,045</u>	<u>\$ 2,194,514</u>	<u>\$ 34,219</u>	<u>\$ 226,322</u>	<u>\$ 4,905,637</u>

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

ADAMS COUNTY
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012

	General Fund	Escrow Holding Fund	Inheritance Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS						
Property Taxes	\$8,220,644	\$ -	\$1,460,486	\$ -	\$ 408,023	\$ 10,089,153
Licenses and Permits	138,677	-	-	-	-	138,677
Interest	24,554	-	-	-	-	24,554
Intergovernmental	2,794,426	4,136	2,868	-	8,259	2,809,689
Charges for Services	1,147,939	-	-	-	-	1,147,939
Miscellaneous	160,129	-	467	125,150	16,366	302,112
TOTAL RECEIPTS	<u>12,486,369</u>	<u>4,136</u>	<u>1,463,821</u>	<u>125,150</u>	<u>432,648</u>	<u>14,512,124</u>
DISBURSEMENTS						
General Government	3,976,470	767,580	71,171	-	12,235	4,827,456
Public Safety	4,263,183	-	-	-	115,147	4,378,330
Public Works	3,581,757	-	-	-	-	3,581,757
Public Assistance	353,581	-	-	-	148,636	502,217
Culture and Recreation	-	-	-	-	121,830	121,830
Debt Service:						
Interest and Fiscal Charges	-	-	-	-	114,232	114,232
Capital Outlay	-	-	-	3,147,424	-	3,147,424
TOTAL DISBURSEMENTS	<u>12,174,991</u>	<u>767,580</u>	<u>71,171</u>	<u>3,147,424</u>	<u>512,080</u>	<u>16,673,246</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>311,378</u>	<u>(763,444)</u>	<u>1,392,650</u>	<u>(3,022,274)</u>	<u>(79,432)</u>	<u>(2,161,122)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,100,000	1,010,282	-	-	117,732	2,228,014
Transfers out	(1,124,514)	-	(1,103,500)	-	-	(2,228,014)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(24,514)</u>	<u>1,010,282</u>	<u>(1,103,500)</u>	<u>-</u>	<u>117,732</u>	<u>-</u>
Net Change in Fund Balances	286,864	246,838	289,150	(3,022,274)	38,300	(2,161,122)
CASH BASIS FUND BALANCES - BEGINNING	<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>
CASH BASIS FUND BALANCES - ENDING	<u>\$1,300,537</u>	<u>\$1,150,045</u>	<u>\$2,194,514</u>	<u>\$ 34,219</u>	<u>\$ 226,322</u>	<u>\$ 4,905,637</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, 2012

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 2,268,929
Investments	763,068
TOTAL ASSETS	3,031,997
 LIABILITIES	
Due to other governments	
State	566,839
Schools	1,738,355
Educational Service Units	5,144
Technical College	31,053
Natural Resource Districts	7,697
Fire Districts	3,153
Municipalities	202,119
Agricultural Society	6,015
Townships	49,773
Sanitary and Improvement Districts	78,050
Clerk of the District Court Trust	342,704
Others	1,095
TOTAL LIABILITIES	3,031,997
 TOTAL NET ASSETS	 \$ -

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

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2012

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 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 \$140,737 toward the operation of the Region during fiscal year 2012. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Department of Health and Human Services requires the Region to be audited annually in accordance with State statute. Financial information for the Region is available in those audit reports.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Health Department – The County has entered into an agreement with South Heartland District Health Department (Department) to provide public health services. 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 2012. 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.

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

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

rescind the commitment or assignment of a fund balance to a specific purpose. When resources for a specific purpose are available in more than one fund balance classification, the County's policy is to use resources in the following order: restricted, committed, assigned, and unassigned. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

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

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

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

Capital Projects Fund. This fund is used to account for activity related to various road projects financed through Highway Allocation Bond proceeds received in the preceding fiscal year.

The County reports the following additional non-major governmental fund types:

Special Revenue Funds. These funds account for the proceeds from a specific receipt source that is restricted to disbursements for a specified purpose.

Agency Funds. These funds account for assets held by the County as an agent for various local governments.

Debt Service Funds. These funds account for the resources for, and the payment of, general long-term debt principal, interest, and related costs, the Highway Bond Fund is considered a debt service fund.

The County designates fund balances as:

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 balances has not been designated by the County Board for a specific purpose, but has been separated based on the type of revenue.

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

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 - 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.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 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 \$129,144 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 \$4,530,716 for County funds and \$2,268,929 for Fiduciary funds. The bank balances for all funds totaled \$6,799,227. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2012, 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 \$364,921 for County funds and \$763,068 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

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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.

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 2011, for the 2011 taxes, which will be materially collected in May and September 2012, was set at \$.334189/\$100 of assessed valuation. The levy set in October 2010, for the 2010 taxes, which were materially collected in May and September 2011, was set at \$.32791/\$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.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

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. 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, 2012, 154 employees contributed \$225,774, and the County contributed \$338,658. Contributions included \$9,105 in cash contributions towards the supplemental law enforcement plan for 19 law enforcement employees. 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

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. Risk Management (Concluded)

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.

	<u>NIRMA Coverage</u>	<u>Maximum Coverage</u>
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 2013. 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, 2012, consisted of the following:

<u>Transfers to</u>	<u>Transfers from</u>		<u>Total</u>
	<u>General Fund</u>	<u>Inheritance Fund</u>	
General Fund	\$ -	\$ 1,100,000	\$ 1,100,000
Escrow Holding Fund	1,010,282	-	1,010,282
Nonmajor Funds	114,232	3,500	117,732
Total	<u>\$ 1,124,514</u>	<u>\$ 1,103,500</u>	<u>\$ 2,228,014</u>

Transfers are used to move unrestricted receipts collected in the General Fund and Inheritance Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

7. **Capital Leases Payable**

Changes to the commitments under lease agreement for equipment and amounts to provide for annual rental payments are as follows:

	2012 Chevrolet Equinox
Balance July 1, 2011	\$ -
Purchases	18,143
Payments	-
Balance June 30, 2012	<u>\$ 18,143</u>
Future Payments:	
Year	
2013	\$ 4,632
2014	4,631
2015	4,631
2016	4,631
Total Payments	<u>\$ 18,525</u>
Less Interest	382
Present Value of Future Minimum Lease Payments	<u>\$ 18,143</u>
Carrying Value of the related Fixed Asset	<u>\$ 23,693</u>

8. **Long-Term Debt**

Construction Bonds

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, 2012, 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)

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

Future Payments:

Year	Principal	Interest	Total
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	410,000	78,085	488,085
2018-2022	1,230,000	198,854	2,428,854
Total Payments	<u>\$ 4,200,000</u>	<u>\$ 659,528</u>	<u>\$ 4,859,528</u>

Bank Loan

On August 24, 2011, the County took out a \$370,000 loan from Adams County Bank for the purchase of real property at 601 South Rhode Island – Hastings to be used for County warehouse and storage space. The loan has a 3% interest rate with five annual payments of \$81,044, beginning October 1, 2012.

Future Payments:

Year	Principal	Interest	Total
2013	\$ 68,758	\$ 12,286	\$ 81,044
2014	72,007	9,037	81,044
2015	74,167	6,877	81,044
2016	76,392	4,652	81,044
2017	78,676	2,367	81,043
Total Payments	<u>\$ 370,000</u>	<u>\$ 35,219</u>	<u>\$ 405,219</u>

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 8,730,140	\$ 8,730,140	\$ 8,220,644	\$ (509,496)
Licenses and Permits	134,875	134,875	138,677	3,802
Interest	35,000	35,000	24,554	(10,446)
Intergovernmental	3,057,751	3,057,751	2,794,426	(263,325)
Charges for Services	1,063,177	1,063,177	1,147,939	84,762
Miscellaneous	50,899	50,899	160,129	109,230
TOTAL RECEIPTS	<u>13,071,842</u>	<u>13,071,842</u>	<u>12,486,369</u>	<u>(585,473)</u>
DISBURSEMENTS				
General Government:				
County Board	216,715	216,715	214,659	2,056
County Clerk	321,559	321,559	281,087	40,472
County Treasurer	494,969	494,969	404,438	90,531
Register of Deeds	198,187	198,187	198,125	62
County Assessor	497,779	497,779	425,350	72,429
Building and Zoning	57,179	57,179	50,537	6,642
Clerk of the District Court	399,622	399,622	354,216	45,406
County Court System	154,250	174,701	174,701	-
District Judge	63,543	63,543	51,834	11,709
Public Defender	562,415	579,119	579,119	-
Building and Grounds	477,339	477,339	443,026	34,313
Agricultural Extension Agent	139,020	139,020	124,480	14,540
Data Processing	205,746	205,746	203,727	2,019
Microfilm	22,446	22,446	20,405	2,041
Miscellaneous	460,316	460,316	450,766	9,550
Public Safety:				
County Sheriff	1,670,152	1,670,152	1,516,431	153,721
County Attorney	755,007	755,007	736,346	18,661
Communication Center	59,448	59,448	52,599	6,849
County Jail	1,789,022	1,789,022	1,484,955	304,067
Emergency Management	153,991	153,991	132,083	21,908
Adult Probation	52,380	52,380	52,354	26
Juvenile Probation	3,600	3,600	3,560	40
Ambulance	150,000	150,000	129,167	20,833
Miscellaneous	782,133	782,133	155,688	626,445

(Continued)

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DISBURSEMENTS (Continued)				
Public Works:				
County Surveyor	20,712	20,712	12,579	8,133
Noxious Weed Control	86,095	86,095	79,882	6,213
Highway Department	4,279,880	4,279,880	3,312,800	967,080
Miscellaneous	125,000	125,000	176,496	(51,496)
Public Health:				
Miscellaneous	66,329	66,329	-	66,329
Public Assistance:				
Veterans' Service Officer	132,287	139,879	139,879	-
Relief Medical	67,000	67,000	34,363	32,637
Miscellaneous	110,662	110,662	179,339	(68,677)
TOTAL DISBURSEMENTS	<u>14,574,783</u>	<u>14,619,530</u>	<u>12,174,991</u>	<u>2,444,539</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(1,502,941)</u>	<u>(1,547,688)</u>	<u>311,378</u>	<u>1,859,066</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,100,000	1,100,000	1,100,000	-
Transfers out	(114,232)	(114,232)	(1,124,514)	(1,010,282)
TOTAL OTHER FINANCING SOURCES (USES)	<u>985,768</u>	<u>985,768</u>	<u>(24,514)</u>	<u>(1,010,282)</u>
Net Change in Fund Balance	(517,173)	(561,920)	286,864	848,784
FUND BALANCE - BEGINNING	<u>1,013,673</u>	<u>1,013,673</u>	<u>1,013,673</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 496,500</u>	<u>\$ 451,753</u>	<u>\$ 1,300,537</u>	<u>\$ 848,784</u>

(Concluded)

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ESCROW HOLDING FUND				
RECEIPTS				
Intergovernmental	\$ -	\$ -	\$ 4,136	\$ 4,136
TOTAL RECEIPTS	-	-	4,136	4,136
DISBURSEMENTS	903,207	903,207	767,580	135,627
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(903,207)	(903,207)	(763,444)	139,763
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	1,010,282	1,010,282
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	1,010,282	1,010,282
Net Change in Fund Balance	(903,207)	(903,207)	246,838	1,150,045
FUND BALANCE - BEGINNING	903,207	903,207	903,207	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,150,045</u>	<u>\$ 1,150,045</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 700,000	\$ 700,000	\$ 1,460,486	\$ 760,486
Intergovernmental	-	-	2,868	2,868
Miscellaneous	700	700	467	(233)
TOTAL RECEIPTS	700,700	700,700	1,463,821	763,121
DISBURSEMENTS	1,502,564	1,502,564	71,171	1,431,393
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(801,864)	(801,864)	1,392,650	2,194,514
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(1,103,500)	(1,103,500)	(1,103,500)	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,103,500)	(1,103,500)	(1,103,500)	-
Net Change in Fund Balance	(1,905,364)	(1,905,364)	289,150	2,194,514
FUND BALANCE - BEGINNING	1,905,364	1,905,364	1,905,364	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,194,514</u>	<u>\$ 2,194,514</u>

(Continued)

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>CAPITAL PROJECTS FUND</u>				
RECEIPTS				
Miscellaneous	\$ -	\$ -	\$ 125,150	\$ 125,150
TOTAL RECEIPTS	<u>-</u>	<u>-</u>	<u>125,150</u>	<u>125,150</u>
 DISBURSEMENTS	 <u>3,056,493</u>	 <u>3,056,493</u>	 <u>3,147,424</u>	 <u>(90,931)</u>
Net Change in Fund Balance	(3,056,493)	(3,056,493)	(3,022,274)	34,219
FUND BALANCE - BEGINNING	<u>3,056,493</u>	<u>3,056,493</u>	<u>3,056,493</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,219</u>	<u>\$ 34,219</u>
				(Concluded)

ADAMS COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2012

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 must be held. The legal level of budgetary control for the General Fund is at the function level, and the special revenue fund types are at the fund level. The County Board is also authorized to budget for the transfer of money between County funds.

Excess of Disbursements Over Appropriations

For the year ended June 30, 2012, disbursements exceeded budgeted appropriations in the Capital Projects Fund by \$90,931.

ADAMS COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2012

	County Insurance Fund	Veterans' Aid Fund	Library Fund	Drug Law Enforcement Fund	Emergency Services Fund
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ 151,354	\$ -	\$ 140,433
Intergovernmental	-	1	8,258	-	-
Miscellaneous	14,518	-	6	-	-
TOTAL RECEIPTS	14,518	1	159,618	-	140,433
DISBURSEMENTS					
General Government	12,235	-	-	-	-
Public Safety	-	-	-	-	115,147
Public Assistance	-	3,500	145,136	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	12,235	3,500	145,136	-	115,147
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	2,283	(3,499)	14,482	-	25,286
OTHER FINANCING SOURCES (USES)					
Transfers in	-	3,500	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	3,500	-	-	-
Net Change in Fund Balances	2,283	1	14,482	-	25,286
FUND BALANCES - BEGINNING	26,014	1	54,397	373	59,429
FUND BALANCES - ENDING	\$ 28,297	\$ 2	\$ 68,879	\$ 373	\$ 84,715
FUND BALANCES:					
Restricted for:					
Visitor Promotion	\$ -	\$ -	\$ -	\$ -	\$ -
911 Emergency Services	-	-	-	-	84,715
Drug Education	-	-	-	373	-
Committed to:					
Aid and Assistance	-	2	-	-	-
Employee Health Insurance	28,297	-	-	-	-
Culture and Recreation	-	-	68,879	-	-
TOTAL FUND BALANCES	\$ 28,297	\$ 2	\$ 68,879	\$ 373	\$ 84,715

(Continued)

ADAMS COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2012

	Visitor Improvement Fund	Highway Bond Fund	Visitors Promotion Fund	Total Nonmajor Governmental Funds
RECEIPTS				
Property Taxes	\$ 14,560	\$ -	\$ 101,676	\$ 408,023
Intergovernmental	-	-	-	8,259
Miscellaneous	-	-	1,842	16,366
TOTAL RECEIPTS	<u>14,560</u>	<u>-</u>	<u>103,518</u>	<u>432,648</u>
DISBURSEMENTS				
General Government	-	-	-	12,235
Public Safety	-	-	-	115,147
Public Assistance	-	-	-	148,636
Culture and Recreation	-	-	121,830	121,830
Debt Service:				
Interest and Fiscal Charges	-	114,232	-	114,232
TOTAL DISBURSEMENTS	<u>-</u>	<u>114,232</u>	<u>121,830</u>	<u>512,080</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>14,560</u>	<u>(114,232)</u>	<u>(18,312)</u>	<u>(79,432)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	114,232	-	117,732
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>114,232</u>	<u>-</u>	<u>117,732</u>
Net Change in Fund Balances	14,560	-	(18,312)	38,300
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>47,808</u>	<u>188,022</u>
FUND BALANCES - ENDING	<u>\$ 14,560</u>	<u>\$ -</u>	<u>\$ 29,496</u>	<u>\$ 226,322</u>
FUND BALANCES:				
Restricted for:				
Visitor Promotion	\$ 14,560	\$ -	\$ 29,496	\$ 44,056
911 Emergency Services	-	-	-	84,715
Drug Education	-	-	-	373
Committed to:				
Aid and Assistance	-	-	-	2
Employee Health Insurance	-	-	-	28,297
Culture and Recreation	-	-	-	68,879
TOTAL FUND BALANCES	<u>\$ 14,560</u>	<u>\$ -</u>	<u>\$ 29,496</u>	<u>\$ 226,322</u>

(Concluded)

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
COUNTY INSURANCE FUND				
RECEIPTS	\$ 73,080	\$ 73,080	\$ 14,518	\$ (58,562)
DISBURSEMENTS	99,000	99,000	12,235	86,765
Net Change in Fund Balance	(25,920)	(25,920)	2,283	28,203
FUND BALANCE - BEGINNING	26,014	26,014	26,014	-
FUND BALANCE - ENDING	<u>\$ 94</u>	<u>\$ 94</u>	<u>\$ 28,297</u>	<u>\$ 28,203</u>
VETERANS' AID FUND				
RECEIPTS	\$ -	\$ -	\$ 1	\$ 1
DISBURSEMENTS	3,500	3,500	3,500	-
OTHER FINANCING SOURCES (USES)				
Transfers in	3,500	3,500	3,500	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>	<u>-</u>
Net Change in Fund Balance	-	-	1	1
FUND BALANCE - BEGINNING	1	1	1	-
FUND BALANCE - ENDING	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 1</u>
LIBRARY FUND				
RECEIPTS	\$ 160,139	\$ 160,139	\$ 159,618	\$ (521)
DISBURSEMENTS	212,136	212,136	145,136	67,000
Net Change in Fund Balance	(51,997)	(51,997)	14,482	66,479
FUND BALANCE - BEGINNING	54,397	54,397	54,397	-
FUND BALANCE - ENDING	<u>\$ 2,400</u>	<u>\$ 2,400</u>	<u>\$ 68,879</u>	<u>\$ 66,479</u>

(Continued)

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>DRUG LAW ENFORCEMENT FUND</u>				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	-	-	-	-
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>
<u>EMERGENCY SERVICES FUND</u>				
RECEIPTS	\$ 141,187	\$ 141,187	\$ 140,433	\$ (754)
DISBURSEMENTS	200,550	200,550	115,147	85,403
Net Change in Fund Balance	(59,363)	(59,363)	25,286	84,649
FUND BALANCE - BEGINNING	59,429	59,429	59,429	-
FUND BALANCE - ENDING	<u>\$ 66</u>	<u>\$ 66</u>	<u>\$ 84,715</u>	<u>\$ 84,649</u>
<u>VISITOR IMPROVEMENT FUND</u>				
RECEIPTS	\$ 16,000	\$ 16,000	\$ 14,560	\$ (1,440)
DISBURSEMENTS	16,000	16,000	-	16,000
Net Change in Fund Balance	-	-	14,560	14,560
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,560</u>	<u>\$ 14,560</u>

(Continued)

ADAMS COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
HIGHWAY BOND FUND				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	114,232	114,232	114,232	-
OTHER FINANCING SOURCES (USES)				
Transfers in	114,232	114,232	114,232	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	114,232	114,232	114,232	-
Net Change in Fund Balance	-	-	-	-
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
VISITORS PROMOTION FUND				
RECEIPTS	\$ 107,000	\$ 107,000	\$ 103,518	\$ (3,482)
DISBURSEMENTS	154,678	154,678	121,830	32,848
Net Change in Fund Balance	(47,678)	(47,678)	(18,312)	29,366
FUND BALANCE - BEGINNING	47,808	47,808	47,808	-
FUND BALANCE - ENDING	<u>\$ 130</u>	<u>\$ 130</u>	<u>\$ 29,496</u>	<u>\$ 29,366</u>

(Concluded)

ADAMS COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2012

	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
BALANCES JULY 1, 2011	\$ 735	\$ 21,092	\$ 227,162	\$ 46,304	\$ 7,686	\$ 430	\$ 3,392	\$ 2,654	\$ 25	\$ 309,480
RECEIPTS										
Licenses and Permits	3,548	-	-	2,070	-	-	-	-	-	5,618
Intergovernmental	-	-	-	-	-	-	63,204	-	-	63,204
Charges for Services	3,918	170,039	75,600	227,970	-	10,806	5,050	-	26,462	519,845
Miscellaneous	-	-	-	853	-	-	136,771	-	-	137,624
State Fees	-	207,117	46,070	-	-	-	-	-	-	253,187
Other Liabilities	-	-	1,773,696	192,274	14,544	-	-	3,500	-	1,984,014
TOTAL RECEIPTS	7,466	377,156	1,895,366	423,167	14,544	10,806	205,025	3,500	26,462	2,963,492
DISBURSEMENTS										
Payments to County Treasurer	7,223	165,621	76,576	234,350	930	10,742	204,777	-	26,462	726,681
Payments to State Treasurer	-	202,233	47,258	-	-	-	-	-	-	249,491
Other Liabilities	-	-	1,649,252	191,621	12,251	-	-	3,543	-	1,856,667
TOTAL DISBURSEMENTS	7,223	367,854	1,773,086	425,971	13,181	10,742	204,777	3,543	26,462	2,832,839
BALANCES JUNE 30, 2012	<u>\$ 978</u>	<u>\$ 30,394</u>	<u>\$ 349,442</u>	<u>\$ 43,500</u>	<u>\$ 9,049</u>	<u>\$ 494</u>	<u>\$ 3,640</u>	<u>\$ 2,611</u>	<u>\$ 25</u>	<u>\$ 440,133</u>
BALANCES CONSIST OF:										
Due to County Treasurer	\$ 978	\$ 14,334	\$ 3,003	\$ 32,690	\$ 3,596	\$ 494	\$ 3,440	\$ -	\$ -	\$ 58,535
Petty Cash	-	-	-	8,143	1,368	-	200	-	25	9,736
Due to State Treasurer	-	16,060	3,735	-	-	-	-	-	-	19,795
Due to Others	-	-	342,704	2,667	4,085	-	-	2,611	-	352,067
BALANCES JUNE 30, 2012	<u>\$ 978</u>	<u>\$ 30,394</u>	<u>\$ 349,442</u>	<u>\$ 43,500</u>	<u>\$ 9,049</u>	<u>\$ 494</u>	<u>\$ 3,640</u>	<u>\$ 2,611</u>	<u>\$ 25</u>	<u>\$ 440,133</u>

ADAMS COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED FOR
ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2012

Item	2007	2008	2009	2010	2011
Tax Certified by Assessor					
Real Estate	\$ 33,175,945	\$ 34,629,943	\$ 36,297,703	\$ 37,704,238	\$ 40,153,587
Personal and Specials	2,202,187	2,184,490	2,426,897	3,531,511	3,529,965
Total	35,378,132	36,814,433	38,724,600	41,235,749	43,683,552
Corrections					
Additions	23,090	20,393	228,818	59,187	25,209
Deductions	(21,142)	(46,164)	(94,029)	(47,426)	(19,779)
Net Additions/ (Deductions)	1,948	(25,771)	134,789	11,761	5,430
Corrected Certified Tax	35,380,080	36,788,662	38,859,389	41,247,510	43,688,982
Net Tax Collected by					
County Treasurer during					
Fiscal Year Ending:					
June 30, 2008	20,452,926	-	-	-	-
June 30, 2009	14,863,646	21,397,426	-	-	-
June 30, 2010	24,502	15,277,472	22,811,081	-	-
June 30, 2011	10,220	42,108	15,944,335	24,235,407	-
June 30, 2012	7,538	14,789	27,300	16,939,154	26,156,099
Total Net Collections	35,358,832	36,731,795	38,782,716	41,174,561	26,156,099
Total Uncollected Tax	\$ 21,248	\$ 56,867	\$ 76,673	\$ 72,949	\$ 17,532,883
Percentage Uncollected Tax	0.06%	0.15%	0.20%	0.18%	40.13%



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ADAMS COUNTY
**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Supervisors
Adams County, Nebraska

We have audited 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, 2012, and have issued our report thereon dated September 21, 2012. 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 and other deficiencies that we consider to be significant deficiencies.

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.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the County's internal control to be significant deficiencies:

- The County did not have procedures in place to perform and complete accurate reconciliations between the bank balances and book balances for the payroll and vendor imprest accounts.
- The County did not have procedures in place to ensure payroll taxes were accurately withheld from employees payroll.

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*.

We also noted certain matters that we reported to management of Adams County in a separate letter dated September 21, 2012.

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. However, this report is a matter of public record and its distribution is not limited.

Signed Original on File

September 21, 2012

Deann Haeffner, CPA
Assistant Deputy Auditor

**MANAGEMENT LETTER
OF
ADAMS COUNTY**

JULY 1, 2011 THROUGH JUNE 30, 2012

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

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

Issued on September 25, 2012



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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September 21, 2012

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, 2012, and have issued our report thereon dated September 21, 2012. 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

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

Payroll Taxes

Three of five employees tested, did not have the correct amount of payroll taxes, including FICA, Medicare, and/or Federal income taxes withheld from their wages. These withholding errors occurred due to the following:

- The County did not update the Federal income tax withholding tables used in its payroll system, with 2011 tax tables continuing to be used in 2012. As a result, all County employees who were paid wages in 2012 did not have their Federal income tax withholdings deducted based on the correct Federal tax rates.
- Dental insurance deductions for county employees participating in Companion Life dental insurance were not established as pre-tax deductions in the County's payroll system which resulted in over-reporting and remitting of Social Security (FICA) and Medicare taxes. A total of 30 County employees were enrolled in the Companion Life dental insurance program.
- For the December 2011 941/941N period tested, Companion Life dental premiums were not deducted from taxable wages, and as a result, gross wages were overstated by \$4,076. In addition, there was an additional unexplained variance of \$478 in the amount reported as gross wages.

Internal Revenue Service (IRS) Publication 15 (Circular E), 2012 Employer's Tax Guide, outlines an employer's responsibility to withhold Federal income tax based on each employee's specific circumstances with each employer responsible for their complete and accurate recordkeeping. IRS Instructions for Form 941 (Employer's Quarterly Federal Tax Return) require employers to report compensation and taxable wages, tips, and benefits paid to employees and compute social security and Medicare withholdings and contributions based on those reported amounts.

When the County relies on the payroll system to calculate tax withholdings and the system incorrectly calculates tax withholdings and contributions by either not recognizing all qualified benefits in the computation of taxable wages and/or not calculating income tax withholdings on current tax tables, there is an increased risk of liability.

We recommend the County withhold Federal income taxes according to IRS Publication 15 (Circular E) 2012 Employer's Tax Guide. Furthermore, as a result of the errors noted, the County will need to revisit its previously submitted 2011 941 and 941N reporting and remittances and file amended forms where appropriate. Lastly, we recommend the County review its payroll system programming to ensure all withholdings and contributions are based on the appropriate wages for a pay period.

Bank Reconciliations

The County did not attempt to perform complete and accurate reconciliations of its book balances to the bank balances for the Payroll and Vendor Imprest bank accounts in an effort to identify and resolve variances in a timely manner. We identified the following at June 30, 2012:

- The Payroll account had a \$2,531 unreconciled balance which consisted of \$2,149 in employee AFLAC payroll deductions for March 2012 which had never been remitted to AFLAC and a \$382 garnishment deduction error.
- The Vendor Imprest account had a \$6,889 unreconciled balance which related to a July 2011 Board-approved cancellation of \$8,836 in duplicate, voided, and outstanding checks; a \$1,782 check refused by the financial institution in July 2011, and \$165 in checks noted on the County's bank statement as "cancelled without issues."

Sound accounting practices and good internal control require that comprehensive, detailed reconciliation procedures be in place, at least on a monthly basis, to ensure proper balancing and reconciliation of the County's book and bank balances. Such reconciliation procedures should include timely identification and resolution of all variances noted.

When variances between the County's bank and book accounts are not identified and resolved in a timely manner, there is an increased risk of loss, theft, or misuse of funds.

We recommend the County implement comprehensive monthly bank reconciliation procedures, including the complete and accurate identification and resolution of all variances.

Supplemental Law Enforcement Retirement Participation

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. None of the County's nineteen law enforcement employees participating in the supplemental retirement plan had proof of certification on file with the County.

Neb. Rev. Stat. § 23-2332.01 (Reissue 2007) states, in part, "Any county with a population of eighty-five thousand inhabitants or less which participates in the Retirement System for Nebraska Counties established by the County Employees Retirement Act 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."

When proof of law enforcement certification is not obtained and retained by the County, there is an increased risk that non-certified employees may be participating in the supplemental retirement plan.

We recommend the County implement procedures to ensure all participants in the supplemental retirement plan have the appropriate certifications necessary for plan participation.

Credit Cards

A good internal control plan requires adequate original invoices or other similar supporting documentation to support all credit card purchases and adequate independent monitoring and review of credit card purchases for reasonableness and accuracy of charges and payments.

Adams County utilizes a credit card program with credit cards issued to various County departments. The use of credit cards was intended to improve the efficiency and cost-effectiveness of some of the County's purchasing processes. Individual departments are responsible for submitting claims, along with supporting documentation, for their credit card purchases to the office of the County Clerk.

During testing of one credit card claim, the following was noted:

- Two purchases, totaling \$76, from a convenience store and restaurant did not have supporting documentation.
- Three purchases included payment of sales tax totaling \$24.

Without complete and accurate purchase documentation and payment procedures, there is an increased risk for fraud, abuse, or misuse of the County's credit cards.

We recommend the County Board review its overall credit card policies and procedures including internal control considerations, such as oversight, monitoring, and account reconciliation procedures, and implement procedures adequate to ensure proper credit card use and documentation, including the minimization of any incurred sales tax on such transactions.

Expenditures In Excess of Budget

Neb. Rev. Stat. § 23-916 (Reissue 2007) regarding prohibition of contracts or liabilities in excess of budget, states, "After the adoption of the county budget, no officer, department, or other expending agency shall expend or contract to be expended any money, or incur any liability, or enter into any contract which, by its terms, involves the expenditure of money not provided for in the budget or which involves the expenditures of any money for any of the purposes for which provision is made in the budget in excess of the amounts provided in said budget for such office, department, or other expending agency, or purpose for such fiscal year. Any contract, verbal or written, made in violation of this section shall be null and void as to the county, and no money belonging thereto shall be paid thereon."

Capital Projects Fund expenditures exceeded the adopted budget by \$90,931 with no budget amendments adopted by the County Board. When expenditures are made in excess of the County's adopted budget, the County is not in compliance with State statute.

We recommend the County implement procedures to closely monitor expenditures throughout the year and amend the County's budget prior to fiscal year end to avoid having expenditures in excess of the County's adopted budget.

COUNTY ATTORNEY

Office Accountability

During our audit the following was noted:

- As of June 30, 2012, a total of \$4,084 in trust funds 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.
- Check collection fees received were not remitted to the County Treasurer in a timely manner.
- Two bank accounts, the Law Library and the Child & Family Support accounts, with combined balances as of June 30, 2012, 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, and remitted, on a frequent, ongoing basis and dormant and/or otherwise inactive bank accounts be routinely reviewed 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.

Unclaimed Property

As of June 30, 2012, the County Attorney had two outstanding checks totaling \$76, which were over three years old and should have been reported and remitted to the State Treasurer by November 1, 2011. As of August 2, 2012, these items remain unreported and unremitted.

Neb. Rev. Stat. § 69-1307.01 (Reissue 2009), which is found in the Uniform Deposition of Unclaimed Property Act, presumes intangible personal property held by a political subdivision and unclaimed for more than three years as abandoned. Neb. Rev. Stat. § 69-1310 (Reissue 2009), provides any unclaimed 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.

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

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

Petty Cash Procedures

Neb. Rev. Stat. § 23-106 (Reissue 2007) gives the County Board the sole authority to establish petty cash funds for the purpose of making payments for subsidiary general operational expenditures and purchases. The Board is required to set, by resolution of the Board, the amount of the petty cash funds and include such authorization in the County Board budget message. Furthermore, good internal control requires all petty cash funds be maintained on an imprest basis at the authorized (set) amount.

During our audit the following was noted:

- The petty cash fund was not reconciled to the \$2,000 County Board authorized amount. At June 30, 2012, the petty cash fund was long \$52.
- Reimbursement requests to replenish the petty cash fund were not made in a timely manner with only one claim of \$1,183 made during the fiscal year ended June 30, 2012. Furthermore, this sole claim did not have any original supporting documentation attached, such as receipts and/or invoices, to support the amount claimed.

When petty cash funds are not maintained on an imprest basis, with timely, adequately supported reimbursement claims submitted for fund replenishment, there is an increased risk of loss, theft, or misuse.

We recommend all petty cash funds be maintained on an imprest basis at the authorized amount. We further recommend reimbursement claims to replenish the fund be timely and adequately supported.

COUNTY SHERIFF

Sheriff Accounting Procedures

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

- In the 2011-2012 County Budget, the County Board authorized six petty cash accounts, totaling \$13,600, for the County Sheriff. Of the six petty cash accounts, only two were reconciled to their authorized amounts.
- Testing of petty cash reimbursements noted seven of the twenty-five reimbursed items tested did not have adequate supporting documentation. Three of the items related to \$135 in per diem amounts paid out of the revolving fund for travel expenses, however, no documentation was on file to support the per diem amounts paid. The remaining four items, totaling \$435, related to undocumented training registrations and dues.
- Testing of petty cash reimbursements noted two instances in which sales tax, totaling \$21, was paid on hotel stays within the State of Nebraska.

- Excess balance of \$4,749 was retained in the Intoxilizer account as of June 30, 2012.

Sound accounting practices and good internal control require procedures be in place to ensure all office assets (cash on hand – including petty cash funds, 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. Additionally, failure to determine asset-to liability balancing variances of all monies, including petty cash funds, 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. Similar issues were noted in the prior audit.

We recommend the County Sheriff implement procedures to ensure cash on hand – including petty cash funds, are adequately controlled. We further recommend the County Sheriff continue their monthly reconciliation procedures and work to remit all excess funds to the County Treasurer, or have the excess balances authorized as petty cash funds and reconcile those accounts to the authorized amount on an ongoing basis.

COUNTY TREASURER

Deposits Not Fully Secured

Neb. Rev. Stat. § 77-2318.01 (Reissue 2009) authorizes the County Treasurer to deposit in any bank of the county in excess of the Federal Deposit Insurance Corporation (FDIC) coverage when the depository secures the deposits by giving securities provided for in the Public Funds Deposit Security Act.

Review of the County Treasurer's June 30, 2012, bank balance and pledged securities noted the following:

- The County Treasurer had a June 30, 2012, bank balance at Five Points Bank totaling \$5,526,125.
- Five Points Bank had provided the County Treasurer with a pledged security report which stated that the County Treasurer's deposits were secured by the combined FDIC and pledged security coverage.
- The pledged securities could not be independently confirmed.
- On August 31, 2012, Five Points Bank personnel stated that a pledging error had occurred as part of its training of a new bank employee and that the report given to the County Treasurer was incorrect, resulting in the County not being fully protected.

When deposits are not fully secured, the County is exposed to a significantly increased risk of loss.

We recommend the County Treasurer implement procedures to insure pledged securities are maintained at all times to cover deposits.

County Treasurer's Response: I have been working with the banks here to provide me with additional verification from the individual banks and the Federal Reserve to assure that the problem with Five Points Bank will not happen again. I will now receive, in addition to a monthly report from each bank, an updated report from the entity holding the pledges. I just got this all worked out with two banks that we deposit in. I immediately moved the funds from Five Points to NPAIT while I was getting everything set up.

* * * * *

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 that indicate corrective action has been taken were not verified at this time, but will be verified in the next audit.

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

Signed Original on File

Deann Haeffner, CPA
Assistant Deputy Auditor