

**AUDIT REPORT  
OF  
ADAMS COUNTY**

**JULY 1, 2012 THROUGH JUNE 30, 2013**

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the Auditor of Public Accounts.**

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**Issue on February 11, 2014**

ADAMS COUNTY

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ADAMS COUNTY

**LIST OF COUNTY OFFICIALS**

At June 30, 2013

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dale Curtis	Board of Supervisors	Jan. 2015
Jack Hynes		Jan. 2015
Charles Neumann		Jan. 2017
Eldon Orthmann		Jan. 2015
Lee Saathoff		Jan. 2015
Scott Thomsen		Jan. 2017
Mike Weeks		Jan. 2017
Diane Hynes	Assessor	Jan. 2015
Donna Fegler Daiss	Attorney	Jan. 2015
Ramona Thomas	Clerk Election Commissioner	Jan. 2015
Chrystine Setlik	Clerk of the District Court	Jan. 2015
Gregg Magee	Sheriff	Jan. 2015
Jan Johnson	Register of Deeds	Jan. 2015
Beverly Davis	Treasurer	Jan. 2015
Chris Long	Veterans' Service Officer	Appointed
Eric Walston	Weed Superintendent	Appointed
Dawn Miller	Highway Superintendent	Appointed
Judy Mignery	Planning & Zoning	Appointed



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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## ADAMS COUNTY

### INDEPENDENT AUDITOR'S REPORT

Board of Supervisors  
Adams County, Nebraska

#### **Report on the Financial Statements**

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Adams County, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and aggregate remaining fund information of Adams County as of June 30, 2013, and the respective changes in cash-basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, Pages 20 through 29, is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

### **Basis of Accounting**

We draw attention to Note 1 of the financial statements that describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2014, 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 considering Adams County's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

February 4, 2014

Deann Haeffner, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska

ADAMS COUNTY  
**STATEMENT OF NET POSITION - CASH BASIS**  
 June 30, 2013

	Governmental Activities <hr style="border: 0.5px solid black;"/>
<b>ASSETS</b>	
Cash and Cash Equivalents (Note 1.D)	\$ 2,276,039
Investments (Note 1.D)	2,623,227
<b>TOTAL ASSETS</b>	<b>\$ 4,899,266</b>
 <b>NET POSITION</b>	
Restricted for:	
Visitor Promotion	\$ 90,499
911 Emergency Services	181,315
Drug Education	373
Preservation of Records	9,301
Unrestricted	4,617,778
<b>TOTAL NET POSITION</b>	<b>\$ 4,899,266</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, 2013

<b>Functions:</b>	Cash Disbursements	<u>Program Cash Receipts</u>		Net (Disbursement)
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Receipts and Changes in Net Position
<b>Governmental Activities:</b>				
General Government	\$ (4,778,698)	\$ 951,611	\$ 213,765	\$ (3,613,322)
Public Safety	(4,604,282)	260,104	207,429	(4,136,749)
Public Works	(3,786,070)	-	1,696,604	(2,089,466)
Public Assistance	(365,430)	-	-	(365,430)
Culture and Recreation	(270,980)	-	-	(270,980)
Debt Payments	(488,004)	-	-	(488,004)
<b>Total Governmental Activities</b>	<u>\$ (14,293,464)</u>	<u>\$ 1,211,715</u>	<u>\$ 2,117,798</u>	<u>(10,963,951)</u>

General Receipts:

Property Taxes	9,855,072
Grants and Contributions Not Restricted to Specific Programs	859,323
Investment Income	18,676
Licenses and Permits	132,178
Miscellaneous	92,331
<b>Total General Receipts</b>	<u>10,957,580</u>
 Increase in Net Position	 (6,371)
Net Position - Beginning of year	4,905,637
<b>Net Position - End of year</b>	<u><u>\$ 4,899,266</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, 2013

	General Fund	Inheritance Fund	Escrow Holding Fund	Other Government al Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents (Note 1.D)	\$ 800,411	\$ -	\$ 1,098,082	\$ 377,546	\$ 2,276,039
Investments (Note 1.D)	810,593	1,812,634	-	-	2,623,227
<b>TOTAL ASSETS</b>	<b>\$ 1,611,004</b>	<b>\$ 1,812,634</b>	<b>\$ 1,098,082</b>	<b>\$ 377,546</b>	<b>\$ 4,899,266</b>
<b>FUND BALANCES</b>					
Restricted for:					
Visitor Promotion	-	-	-	90,499	90,499
911 Emergency Services	-	-	-	181,315	181,315
Drug Education	-	-	-	373	373
Preservation of Records	-	-	-	9,301	9,301
Committed to:					
Law Enforcement	-	-	311,121	-	311,121
Road Maintenance	-	-	739,295	-	739,295
Aid and Assistance	-	-	-	3	3
Library	-	-	-	76,573	76,573
Health Insurance	-	-	-	19,482	19,482
General Government	-	-	47,666	-	47,666
Assigned to:					
Other Purposes	-	1,812,634	-	-	1,812,634
Unassigned	1,611,004	-	-	-	1,611,004
<b>TOTAL CASH BASIS FUND BALANCES</b>	<b>\$ 1,611,004</b>	<b>\$ 1,812,634</b>	<b>\$ 1,098,082</b>	<b>\$ 377,546</b>	<b>\$ 4,899,266</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, 2013

	General Fund	Inheritance Fund	Escrow Holding Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>					
Property Taxes	\$ 8,629,369	\$ 738,789	\$ -	\$ 486,914	\$ 9,855,072
Licenses and Permits	132,178	-	-	-	132,178
Interest	18,676	-	-	-	18,676
Intergovernmental	2,969,309	-	-	7,812	2,977,121
Charges for Services	1,202,414	-	-	9,301	1,211,715
Miscellaneous	91,219	711	-	401	92,331
<b>TOTAL RECEIPTS</b>	<u>13,043,165</u>	<u>739,500</u>	<u>-</u>	<u>504,428</u>	<u>14,287,093</u>
<b>DISBURSEMENTS</b>					
General Government	4,242,558	117,615	409,309	9,216	4,778,698
Public Safety	4,531,274	-	-	73,008	4,604,282
Public Works	3,751,851	-	-	34,219	3,786,070
Public Assistance	361,665	-	-	3,765	365,430
Culture and Recreation	-	-	-	270,980	270,980
Debt Service:					
Principal Payments	-	-	-	385,000	385,000
Interest and Fiscal Charges	-	-	-	103,004	103,004
<b>TOTAL DISBURSEMENTS</b>	<u>12,887,348</u>	<u>117,615</u>	<u>409,309</u>	<u>879,192</u>	<u>14,293,464</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>155,817</u>	<u>621,885</u>	<u>(409,309)</u>	<u>(374,764)</u>	<u>(6,371)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	1,000,000	-	845,350	620,647	2,465,997
Transfers out	(845,350)	(1,003,765)	(488,004)	(128,878)	(2,465,997)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>154,650</u>	<u>(1,003,765)</u>	<u>357,346</u>	<u>491,769</u>	<u>-</u>
Net Change in Fund Balances	310,467	(381,880)	(51,963)	117,005	(6,371)
<b>CASH BASIS FUND BALANCES - BEGINNING</b>	<u>1,300,537</u>	<u>2,194,514</u>	<u>1,150,045</u>	<u>260,541</u>	<u>4,905,637</u>
<b>CASH BASIS FUND BALANCES - ENDING</b>	<u>\$ 1,611,004</u>	<u>\$ 1,812,634</u>	<u>\$ 1,098,082</u>	<u>\$ 377,546</u>	<u>\$ 4,899,266</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, 2013

	Agency Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,949,560
<b>LIABILITIES</b>	
Due to other governments	
State	494,283
Schools	1,880,067
Educational Service Units	5,403
Technical College	32,771
Natural Resource Districts	8,089
Fire Districts	3,642
Municipalities	188,154
Agricultural Society	5,853
Townships	61,656
Sanitary and Improvement Districts	267,379
Others	2,263
<b>TOTAL LIABILITIES</b>	<b>2,949,560</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, 2013

1. **Summary of Significant Accounting Policies**

The following is a summary of the significant accounting policies utilized in the accounting system of Adams County.

**A. Reporting Entity**

Adams County, Nebraska, (County) is a governmental entity established under and governed by the laws of the State of Nebraska (State). The County is managed by county officials who are elected on a political ballot for four-year terms. As a political subdivision of the State, the County is exempt from State and Federal income taxes. The financial statements include all funds of the County that are not legally separate. The County has also considered all potential component units for which it is financially accountable, as well as other organizations that are either fiscally dependent on the County or maintain a significant relationship with the County, such that exclusion would be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County.

As required by Generally Accepted Accounting Principles (GAAP), these financial statements present the County (the primary government). No component units were identified.

**Joint Organization.**

Behavioral Health Region III - The County has entered into an agreement with surrounding counties and the Nebraska Department of Health and Human Services to provide services to carry out the provisions of the Nebraska Behavioral Health Services Act (Act). Agreements were established under the authority of the Interlocal Cooperation Act for services to be provided under the Act. Region III (Region) consists of the following counties: Blaine, Loup, Garfield, Wheeler, Custer, Valley, Greeley, Sherman, Howard, Buffalo, Hall, Phelps, Kearney, Adams, Clay, Furnas, Harlan, Hamilton, Merrick, Franklin, Webster, and Nuckolls.

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$100,852 toward the operation of the Region during fiscal year 2013. In the event of the termination of the agreement, assets would be disposed of in

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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.

Health Department – The County has entered into an agreement with South Heartland District Health Department (Department) to provide public health services. The agreement was established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636 (Reissue 2009, Cum. Supp. 2012).

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 did not contribute toward the operation of the Department during fiscal year 2013. 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) (Cum. Supp. 2012). Financial information for the Department is available in that report.

**B. Basis of Presentation**

**Government-Wide Financial Statements.** The Statement of Net Position - Cash Basis and Statement of Activities - Cash Basis display information about the activities of the County and are in the format of government-wide statements, as required by GASB Statement Number 34. These statements include all the financial activities of the County, except for fiduciary activities. Internal activities in these statements were considered immaterial and have not been eliminated. Governmental 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.

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

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

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

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

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

**Debt Service Funds.** The Highway Bond Fund accounts for the resources for, and the payment of, general long-term debt principal, interest, and related costs.

The County designates fund balances as:

**Restricted.** The fund balance is restricted by external impositions such as creditors, grantors, or laws or regulations of other governments.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

**Committed.** The fund balance has been designated by the County Board for a specific purpose.

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

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

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

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

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

**D. Assets and Net Position**

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

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

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

**Compensated Absences.** Vested or accumulated vacation leave that is liquidated with expendable available financial resources is reported as a disbursement of the County funds as paid. Upon termination, employees are paid for any unused vacation. Under the receipts and disbursements basis of accounting, the liabilities for compensated absences are not reported since they do not represent liabilities arising from cash transactions. Under GAAP, the compensated absences liability would be reported in the government-wide financial statements and would be recorded in accordance with the County's policy, which is to recognize the expense and accrued liability when vacation and compensatory leave is earned.

**Restricted Net Position.** When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$281,488 of restricted net position, which is all restricted by enabling legislation.

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

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

2. **Deposits and Investments**

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

At year end, the County's carrying amount of deposits was \$2,276,039 for County funds and \$2,949,560 for Fiduciary funds. The bank balances for all funds totaled \$4,431,155. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2013, 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 \$12,288 in U.S. Government Securities and of \$2,610,939 deposited in the Nebraska Public Agency Investment Trust (NPAIT). The County also held deposits in NPAIT of \$763,257 for Fiduciary funds. NPAIT is a public entity investment pool operated under the direction of a seven-member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income that has accrued to each participant is converted as of the close of business of each calendar month into additional units, which thereafter are held in each participant's trust account. Since net income of the fund is allocated among participants each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name. 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 they become delinquent in two equal installments on May 1 and September 1. Motor vehicle taxes are due when application is made for registration of a motor vehicle.

Counties are permitted by the State Constitution to levy a tax of up to \$.50/\$100 of assessed valuation for general governmental services other than the payment of principal and interest on bonded debt. Counties may levy taxes in addition to the 50 cent limitation upon a vote of the people.

The levy set in October 2012, for the 2012 taxes, which will be materially collected in May and September 2013, was set at \$.31911/\$100 of assessed valuation. The levy set in October 2011, for the 2011 taxes, which were materially collected in May and September 2012, was set at \$.334189/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

Additionally, there is currently a statutory lid limitation, which limits taxation to the prior year's level, with provisions for growth. The lid may be increased by 1% upon the approval of a three-fourths majority of the County Board.

**4. Retirement System**

The Retirement System for Nebraska Counties (the Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2012, Supp. 2013) and may be amended through legislative action.

Participation in the Plan is required of all full-time employees. Part-time (working less than one-half of the regularly scheduled hours) employees may elect voluntary participation upon reaching age 18. Part-time elected officials may exercise the option to join.

County employees and elected officials contribute 4.5% of their total compensation. In addition, the County contributes an amount equal to 150% of the employee's contribution. The contribution rates are established by § 23-2307 and § 23-2308 and may be amended through legislative action. The employee's and employer's contributions are kept in separate accounts. The employee's account is fully vested. The employer's account is fully vested after three years of participation in the system or credit for participation in another governmental plan prior to actual contribution to the Plan. Prior service benefits are paid directly by the County to the retired employee.

ADAMS COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

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

For the year ended June 30, 2013, 166 employees contributed \$237,000, and the County contributed \$350,853. Contributions included \$9,293 in cash contributions towards the supplemental law enforcement plan for 18 law enforcement employees. Lastly, the County paid \$553 directly to seven 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 79 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 60 days in which to pay the amount of such assessment. Each county remains liable for such assessments, regardless of such county's withdrawal from participation or the termination of the agreement, as well as for liabilities of the Pool incurred during such county's period of membership.

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

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

ADAMS COUNTY

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**5. Risk Management** (Concluded)

The County has not paid any additional assessments to the pool in the last three fiscal years, and no assessments are anticipated for fiscal year 2014. 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, 2013, consisted of the following:

<b>Transfers to</b>	Transfers from				Total
	General Fund	Inheritance Fund	Escrow Fund	Nonmajor Funds	
Escrow Fund	\$ 845,350	\$ -	\$ -	\$ -	\$ 845,350
General Fund	-	1,000,000	-	-	1,000,000
Nonmajor Funds	-	3,765	488,004	128,878	620,647
Total	\$ 845,350	\$ 1,003,765	\$ 488,004	\$ 128,878	\$ 2,465,997

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. Capital Leases Payable**

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

	2012 Chevrolet Equinox
Balance July 1, 2012	\$ 18,143
Purchases	-
Payments	4,631
Balance June 30, 2013	\$ 13,512
Future Payments:	
<b>Year</b>	
2014	\$ 4,631
2015	4,632
2016	4,631
Total Payments	13,894
Less Interest	382
Present Value of Future Minimum Lease Payments	\$ 13,512
Carrying Value of the Related Fixed Asset	\$ 23,693

ADAMS COUNTY

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**8. Contingent Liabilities**

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, the County Attorney believes the resolution of these matters will not have a material adverse effect on the financial condition of the County.

**9. 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, 2013, was \$ 3,815,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Future tax resources will be used to pay off the bonds. The County plans to use the future highway allocation receipts to pay off the bond. Principal and interest payments are due December 15 and June 15. Interest rates range from .85% to 3.70%

Future Payments:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	420,000	67,598	487,598
2019-2022	1,810,000	131,256	1,941,256
Total Payments	<u>\$ 3,815,000</u>	<u>\$ 556,524</u>	<u>\$ 4,371,524</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, in Hastings, Nebraska, to be used for County warehouse and storage space. The loan is at a 3% interest rate with five annual payments of \$81,044 beginning October 1, 2012, and ending October 1, 2016.

Future Payments:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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>\$ 301,242</u>	<u>\$ 22,933</u>	<u>\$ 324,175</u>

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

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 9,010,409	\$ 9,010,409	\$ 8,629,369	\$ (381,040)
Licenses and Permits	136,050	136,050	132,178	(3,872)
Interest	24,000	24,000	18,676	(5,324)
Intergovernmental	3,054,455	3,054,455	2,969,309	(85,146)
Charges for Services	1,094,996	1,094,996	1,202,414	107,418
Miscellaneous	31,805	31,805	91,219	59,414
<b>TOTAL RECEIPTS</b>	<b>13,351,715</b>	<b>13,351,715</b>	<b>13,043,165</b>	<b>(308,550)</b>
<b>DISBURSEMENTS</b>				
General Government:				
County Board	213,077	214,021	214,021	-
County Clerk	302,638	302,638	266,319	36,319
County Treasurer	436,856	436,856	407,142	29,714
Register of Deeds	209,487	209,487	206,813	2,674
County Assessor	447,131	447,131	444,156	2,975
Building and Zoning	56,987	56,987	49,657	7,330
Clerk of the District Court	393,675	393,675	369,886	23,789
County Court System	178,750	273,452	273,452	-
District Judge	47,457	54,591	54,591	-
Public Defender	559,183	593,034	593,034	-
Building and Grounds	479,398	479,398	462,260	17,138
Microfilm	19,333	19,333	12,222	7,111
Agricultural Extension Agent	138,563	138,563	120,492	18,071
Data Processing	201,525	201,525	201,261	264
Miscellaneous	824,966	824,966	567,252	257,714
Public Safety:				
County Sheriff	1,711,134	1,711,134	1,537,751	173,383
County Attorney	763,422	776,531	776,531	-
Communication Center	69,400	69,400	61,915	7,485
County Jail	1,939,901	1,939,901	1,660,635	279,266
Emergency Management	147,510	147,510	146,862	648
Adult Probation	49,761	49,761	49,413	348
Juvenile Probation	3,600	3,600	3,454	146
Emergency Protective Service	62,500	62,500	62,500	-
Miscellaneous	612,333	612,333	232,213	380,120

(Continued)

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

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public Works:				
County Surveyor	22,978	22,978	16,126	6,852
Noxious Weed Control	84,754	84,754	61,728	23,026
Highway Department	4,557,082	4,557,082	3,673,997	883,085
Public Assistance:				
Veterans' Service Officer	144,103	144,103	142,233	1,870
Public Assistance	67,000	67,000	37,876	29,124
Miscellaneous	177,748	177,748	181,556	(3,808)
<b>TOTAL DISBURSEMENTS</b>	<u>14,922,252</u>	<u>15,071,992</u>	<u>12,887,348</u>	<u>2,184,644</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(1,570,537)</u>	<u>(1,720,277)</u>	<u>155,817</u>	<u>1,876,094</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,000,000	1,000,000	1,000,000	-
Transfers out	-	-	(845,350)	(845,350)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,000,000</u>	<u>1,000,000</u>	<u>154,650</u>	<u>(845,350)</u>
Net Change in Fund Balance	(570,537)	(720,277)	310,467	1,030,744
<b>FUND BALANCE - BEGINNING</b>	<u>1,300,537</u>	<u>1,300,537</u>	<u>1,300,537</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 730,000</u>	<u>\$ 580,260</u>	<u>\$ 1,611,004</u>	<u>\$ 1,030,744</u>

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

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>INHERITANCE FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 900,000	\$ 900,000	\$ 738,789	\$ (161,211)
Miscellaneous	500	500	711	211
<b>TOTAL RECEIPTS</b>	<u>900,500</u>	<u>900,500</u>	<u>739,500</u>	<u>(161,000)</u>
<b>DISBURSEMENTS</b>	<u>2,091,249</u>	<u>2,091,249</u>	<u>117,615</u>	<u>1,973,634</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(1,190,749)</u>	<u>(1,190,749)</u>	<u>621,885</u>	<u>1,812,634</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(1,003,765)	(1,003,765)	(1,003,765)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,003,765)</u>	<u>(1,003,765)</u>	<u>(1,003,765)</u>	<u>-</u>
Net Change in Fund Balance	(2,194,514)	(2,194,514)	(381,880)	1,812,634
FUND BALANCE - BEGINNING	2,194,514	2,194,514	2,194,514	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,812,634</u>	<u>\$ 1,812,634</u>
<b>ESCROW HOLDING FUND</b>				
<b>RECEIPTS</b>				
Miscellaneous	7,296	7,296	-	(7,296)
<b>TOTAL RECEIPTS</b>	<u>7,296</u>	<u>7,296</u>	<u>-</u>	<u>(7,296)</u>
<b>DISBURSEMENTS</b>	<u>669,337</u>	<u>669,337</u>	<u>409,309</u>	<u>260,028</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(662,041)</u>	<u>(662,041)</u>	<u>(409,309)</u>	<u>252,732</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	845,350	845,350
Transfers out	(488,004)	(488,004)	(488,004)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(488,004)</u>	<u>(488,004)</u>	<u>357,346</u>	<u>845,350</u>
Net Change in Fund Balance	(1,150,045)	(1,150,045)	(51,963)	1,098,082
FUND BALANCE - BEGINNING	1,150,045	1,150,045	1,150,045	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,098,082</u>	<u>\$ 1,098,082</u>

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

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>VISITOR PROMOTION FUND</u></b>				
RECEIPTS	\$ 101,000	\$ 101,000	\$ 111,832	\$ 10,832
DISBURSEMENTS	129,474	129,474	110,306	19,168
Net Change in Fund Balance	(28,474)	(28,474)	1,526	30,000
FUND BALANCE - BEGINNING	29,496	29,496	29,496	-
FUND BALANCE - ENDING	<u>\$ 1,022</u>	<u>\$ 1,022</u>	<u>\$ 31,022</u>	<u>\$ 30,000</u>
<b><u>VISITOR IMPROVEMENT FUND</u></b>				
RECEIPTS	\$ 50,000	\$ 50,000	\$ 55,917	\$ 5,917
DISBURSEMENTS	50,000	50,000	11,000	39,000
Net Change in Fund Balance	-	-	44,917	44,917
FUND BALANCE - BEGINNING	14,560	14,560	14,560	-
FUND BALANCE - ENDING	<u>\$ 14,560</u>	<u>\$ 14,560</u>	<u>\$ 59,477</u>	<u>\$ 44,917</u>
<b><u>REGISTER OF DEEDS PRESERVATION FUND</u></b>				
RECEIPTS	\$ 10,561	\$ 10,561	\$ 9,301	\$ (1,260)
DISBURSEMENTS	10,561	10,561	-	10,561
Net Change in Fund Balance	-	-	9,301	9,301
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,301</u>	<u>\$ 9,301</u>
<b><u>HEALTH FUND</u></b>				
RECEIPTS	\$ -	\$ -	\$ 401	\$ 401
DISBURSEMENTS	28,297	28,297	9,216	19,081
Net Change in Fund Balance	(28,297)	(28,297)	(8,815)	19,482
FUND BALANCE - BEGINNING	28,297	28,297	28,297	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,482</u>	<u>\$ 19,482</u>

(Continued)

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

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>VETERANS' RELIEF FUND</b>				
RECEIPTS	\$ -	\$ -	\$ 1	\$ 1
DISBURSEMENTS	3,765	3,765	3,765	-
OTHER FINANCING SOURCES (USES)				
Transfers in	3,765	3,765	3,765	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	3,765	3,765	3,765	-
Net Change in Fund Balance	-	-	1	1
FUND BALANCE - BEGINNING	2	2	2	-
FUND BALANCE - ENDING	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 3</u>	<u>\$ 1</u>
<b>LIBRARY FUND</b>				
RECEIPTS	\$ 151,135	\$ 151,135	\$ 157,368	\$ 6,233
DISBURSEMENTS	151,136	151,136	149,674	1,462
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	30,000	30,000
Transfers out	(68,878)	(68,878)	(98,878)	(30,000)
TOTAL OTHER FINANCING SOURCES (USES)	(68,878)	(68,878)	(68,878)	-
Net Change in Fund Balance	(68,879)	(68,879)	(61,184)	7,695
FUND BALANCE - BEGINNING	68,879	68,879	68,879	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,695</u>	<u>\$ 7,695</u>
<b>BOOKMOBILE FUND</b>				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	68,878	68,878	-	68,878
OTHER FINANCING SOURCES (USES)				
Transfers in	68,878	68,878	98,878	30,000
Transfers out	-	-	(30,000)	(30,000)
TOTAL OTHER FINANCING SOURCES (USES)	68,878	68,878	68,878	-
Net Change in Fund Balance	-	-	68,878	68,878
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,878</u>	<u>\$ 68,878</u>

(Continued)

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

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>DRUG EDUCATION FUND</b>				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	373	373	-	373
Net Change in Fund Balance	(373)	(373)	-	373
FUND BALANCE - BEGINNING	373	373	373	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 373</u>	<u>\$ 373</u>
<b>HIGHWAY BOND FUND</b>				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	488,004	488,004	488,004	-
OTHER FINANCING SOURCES (USES)				
Transfers in	488,004	488,004	488,004	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	488,004	488,004	488,004	-
Net Change in Fund Balance	-	-	-	-
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>CAPITAL PROJECTS FUND</b>				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	34,219	34,219	34,219	-
Net Change in Fund Balance	(34,219)	(34,219)	(34,219)	-
FUND BALANCE - BEGINNING	34,219	34,219	34,219	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>911 EMERGENCY SERVICES FUND</b>				
RECEIPTS	\$ 131,975	\$ 131,975	\$ 169,608	\$ 37,633
DISBURSEMENTS	216,690	216,690	73,008	143,682
Net Change in Fund Balance	(84,715)	(84,715)	96,600	181,315
FUND BALANCE - BEGINNING	84,715	84,715	84,715	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,315</u>	<u>\$ 181,315</u>

(Concluded)

ADAMS COUNTY  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
 CHANGES IN CASH BASIS FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2013

	Visitor Promotion Fund	Visitor Improvement Fund	Register of Deeds Preservation Fund	Health Fund	Veterans' Relief Fund	Library Fund
<b>RECEIPTS</b>						
Property Taxes	\$ 111,832	\$ 55,917	\$ -	\$ -	\$ -	\$ 149,557
Intergovernmental	-	-	-	-	1	7,811
Charges for Services	-	-	9,301	-	-	-
Miscellaneous	-	-	-	401	-	-
<b>TOTAL RECEIPTS</b>	<b>111,832</b>	<b>55,917</b>	<b>9,301</b>	<b>401</b>	<b>1</b>	<b>157,368</b>
<b>DISBURSEMENTS</b>						
General Government	-	-	-	9,216	-	-
Public Safety	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Public Assistance	-	-	-	-	3,765	-
Culture and Recreation	110,306	11,000	-	-	-	149,674
Debt Service:						
Principal Payments	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<b>110,306</b>	<b>11,000</b>	<b>-</b>	<b>9,216</b>	<b>3,765</b>	<b>149,674</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>1,526</b>	<b>44,917</b>	<b>9,301</b>	<b>(8,815)</b>	<b>(3,764)</b>	<b>7,694</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	3,765	30,000
Transfers out	-	-	-	-	-	(98,878)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,765</b>	<b>(68,878)</b>
Net Change in Fund Balances	1,526	44,917	9,301	(8,815)	1	(61,184)
<b>FUND BALANCES - BEGINNING</b>	<b>29,496</b>	<b>14,560</b>	<b>-</b>	<b>28,297</b>	<b>2</b>	<b>68,879</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 31,022</b>	<b>\$ 59,477</b>	<b>\$ 9,301</b>	<b>\$ 19,482</b>	<b>\$ 3</b>	<b>\$ 7,695</b>
<b>FUND BALANCES:</b>						
Restricted for:						
Visitor Promotion	31,022	59,477	-	-	-	-
911 Emergency Services	-	-	-	-	-	-
Drug Education	-	-	-	-	-	-
Preservation of Records	-	-	9,301	-	-	-
Committed to:						
Aid and Assistance	-	-	-	-	3	-
Library	-	-	-	-	-	7,695
Health Insurance	-	-	-	19,482	-	-
<b>TOTAL FUND BALANCES</b>	<b>\$ 31,022</b>	<b>\$ 59,477</b>	<b>\$ 9,301</b>	<b>\$ 19,482</b>	<b>\$ 3</b>	<b>\$ 7,695</b>

(Continued)

ADAMS COUNTY  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
 CHANGES IN CASH BASIS FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2013

	Bookmobile Fund	Drug Education Fund	Highway Bond Fund	Capital Projects Fund	911 Emergency Services Fund	Total Nonmajor Governmental Funds
<b>RECEIPTS</b>						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 169,608	\$ 486,914
Intergovernmental	-	-	-	-	-	7,812
Charges for Services	-	-	-	-	-	9,301
Miscellaneous	-	-	-	-	-	401
<b>TOTAL RECEIPTS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>169,608</b>	<b>504,428</b>
<b>DISBURSEMENTS</b>						
General Government	-	-	-	-	-	9,216
Public Safety	-	-	-	-	73,008	73,008
Public Works	-	-	-	34,219	-	34,219
Public Assistance	-	-	-	-	-	3,765
Culture and Recreation	-	-	-	-	-	270,980
Debt Service:						
Principal Payments	-	-	385,000	-	-	385,000
Interest and Fiscal Charges	-	-	103,004	-	-	103,004
<b>TOTAL DISBURSEMENTS</b>	<b>-</b>	<b>-</b>	<b>488,004</b>	<b>34,219</b>	<b>73,008</b>	<b>879,192</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>-</b>	<b>-</b>	<b>(488,004)</b>	<b>(34,219)</b>	<b>96,600</b>	<b>(374,764)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	98,878	-	488,004	-	-	620,647
Transfers out	(30,000)	-	-	-	-	(128,878)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>68,878</b>	<b>-</b>	<b>488,004</b>	<b>-</b>	<b>-</b>	<b>491,769</b>
Net Change in Fund Balances	68,878	-	-	(34,219)	96,600	117,005
<b>FUND BALANCES - BEGINNING</b>	<b>-</b>	<b>373</b>	<b>-</b>	<b>34,219</b>	<b>84,715</b>	<b>260,541</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 68,878</b>	<b>\$ 373</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 181,315</b>	<b>\$ 377,546</b>
<b>FUND BALANCES:</b>						
Restricted for:						
Visitor Promotion	-	-	-	-	-	90,499
911 Emergency Services	-	-	-	-	181,315	181,315
Drug Education	-	373	-	-	-	373
Preservation of Records	-	-	-	-	-	9,301
Committed to:						
Aid and Assistance	-	-	-	-	-	3
Library	68,878	-	-	-	-	76,573
Health Insurance	-	-	-	-	-	19,482
<b>TOTAL FUND BALANCES</b>	<b>\$ 68,878</b>	<b>\$ 373</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 181,315</b>	<b>\$ 377,546</b>

(Concluded)

**ADAMS COUNTY**  
**SCHEDULE OF OFFICE ACTIVITIES**  
For the Year Ended June 30, 2013

	County Clerk	Register of Deeds	Clerk of the District Court	County Sheriff	County Attorney	Weed Superintendent	Highway Superintendent	Veterans' Service Officer	County Planning and Zoning	Total
BALANCES JULY 1, 2012	\$ 978	\$ 30,394	\$ 349,442	\$43,500	\$ 9,049	\$ 494	\$ 3,640	\$ 2,611	\$ 25	\$ 440,133
<b>RECEIPTS</b>										
Licenses and Permits	2,775	-	-	3,605	-	-	-	-	18,888	25,268
Intergovernmental	-	-	-	-	-	-	117,113	-	-	117,113
Charges for Services	2,726	203,878	84,705	202,216	1,270	4,740	29,213	-	-	528,748
Miscellaneous	-	-	-	2,134	-	-	32,799	-	-	34,933
State Fees	-	221,306	48,687	-	-	-	-	-	-	269,993
Other Liabilities	-	-	5,788,443	142,947	24,295	-	-	3,765	-	5,959,450
<b>TOTAL RECEIPTS</b>	<b>5,501</b>	<b>425,184</b>	<b>5,921,835</b>	<b>350,902</b>	<b>25,565</b>	<b>4,740</b>	<b>179,125</b>	<b>3,765</b>	<b>18,888</b>	<b>6,935,505</b>
<b>DISBURSEMENTS</b>										
Payments to County Treasurer	5,794	204,581	85,236	207,112	1,620	2,998	182,565	-	18,888	708,794
Payments to State Treasurer	-	226,386	49,345	-	-	-	-	-	-	275,731
Other Liabilities	-	-	5,987,026	144,061	25,171	-	-	4,119	-	6,160,377
<b>TOTAL DISBURSEMENTS</b>	<b>5,794</b>	<b>430,967</b>	<b>6,121,607</b>	<b>351,173</b>	<b>26,791</b>	<b>2,998</b>	<b>182,565</b>	<b>4,119</b>	<b>18,888</b>	<b>7,144,902</b>
BALANCES JUNE 30, 2013	\$ 685	\$ 24,611	\$ 149,670	\$43,229	\$ 7,823	\$ 2,236	\$ 200	\$ 2,257	\$ 25	\$ 230,736
<b>BALANCES CONSIST OF:</b>										
Due to County Treasurer	\$ 435	\$ 13,632	\$ 2,472	\$29,118	\$ 3,246	\$ 2,211	\$ -	\$ 2,257	\$ -	\$ 53,371
Petty Cash	250	-	-	13,255	2,000	25	200	-	25	15,755
Due to State Treasurer	-	10,979	3,077	-	-	-	-	-	-	14,056
Due to Others	-	-	144,121	856	2,577	-	-	-	-	147,554
BALANCES JUNE 30, 2013	\$ 685	\$ 24,611	\$ 149,670	\$43,229	\$ 7,823	\$ 2,236	\$ 200	\$ 2,257	\$ 25	\$ 230,736

ADAMS COUNTY  
**SCHEDULE OF TAXES CERTIFIED AND COLLECTED**  
**FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY**  
 June 30, 2013

Item	2008	2009	2010	2011	2012
<b>Tax Certified by Assessor</b>					
Real Estate	\$ 34,629,943	\$ 36,297,703	\$ 37,704,238	\$ 40,153,587	\$ 42,217,541
Personal and Specials	2,184,490	2,426,897	3,531,511	3,529,965	3,510,904
<b>Total</b>	<b>36,814,433</b>	<b>38,724,600</b>	<b>41,235,749</b>	<b>43,683,552</b>	<b>45,728,445</b>
<b>Corrections</b>					
Additions	20,393	231,957	65,354	60,089	19,646
Deductions	(46,394)	(97,250)	(51,853)	(50,392)	(21,812)
Net Additions/ (Deductions)	(26,001)	134,707	13,501	9,697	(2,166)
<b>Corrected Certified Tax</b>	<b>36,788,432</b>	<b>38,859,307</b>	<b>41,249,250</b>	<b>43,693,249</b>	<b>45,726,279</b>
<b>Net Tax Collected by County Treasurer during Fiscal Year Ending:</b>					
June 30, 2009	21,397,426	-	-	-	-
June 30, 2010	15,277,472	22,811,081	-	-	-
June 30, 2011	42,108	15,944,335	24,235,407	-	-
June 30, 2012	14,789	27,300	16,939,154	26,156,099	-
June 30, 2013	2,969	4,442	14,609	17,465,303	27,961,195
<b>Total Net Collections</b>	<b>36,734,764</b>	<b>38,787,158</b>	<b>41,189,170</b>	<b>43,621,402</b>	<b>27,961,195</b>
<b>Total Uncollected Tax</b>	<b>\$ 53,668</b>	<b>\$ 72,149</b>	<b>\$ 60,080</b>	<b>\$ 71,847</b>	<b>\$ 17,765,084</b>
<b>Percentage Uncollected Tax</b>	<b>0.15%</b>	<b>0.19%</b>	<b>0.15%</b>	<b>0.16%</b>	<b>38.85%</b>



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley  
State Auditor

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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, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Adams County, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Adams County's basic financial statements, and have issued our report thereon dated February 4, 2014. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Adams County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Adams County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency to be a material weakness:

- The County offices lacked a segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. Due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Adams County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Additional Items**

We also noted certain matters that we reported to management of Adams County in a separate letter dated February 4, 2014.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

February 4, 2014

Deann Haeffner, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Mike Foley  
State Auditor

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February 4, 2014

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, 2013, and have issued our report thereon dated February 4, 2014. 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:

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## 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 lacked a segregation of duties, as 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.

## **Petty Cash Procedures**

During our audit of the petty cash funds, the following was noted:

- The County Attorney’s petty cash fund was not routinely reconciled to the County Board authorized amount of \$2,000. At June 30, 2013, we noted an extra \$150 in the fund. We also noted reimbursement requests to replenish the petty cash fund were not made in a timely manner. At June 30, 2013, outstanding claims totaled \$1,216. We noted no reimbursement requests were made during the fiscal year ended June 30, 2013.
- The County Sheriff had six authorized petty cash funds, of which three were not reconciled to the County Board authorized amounts. The following variances were noted:

<u>Account</u>	<u>Authorized Amount</u>	<u>Book Amount</u>	<u>Variance</u>
Food Revolving Fund	\$4,500	\$4,927	\$427
Jail Revolving Fund	\$3,000	\$4,669	\$1,669
Civil Fee Fund	\$6,000	\$9,809	\$3,809

Neb. Rev. Stat. § 23-106 (Reissue 2012) 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, 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 to be maintained at the authorized amount. When petty cash amounts are not maintained at the approved amount, there is an increased risk of error or loss of funds.

We recommend all petty cash funds be maintained at the authorized amount. We further recommend reimbursement claims to replenish the funds be timely.

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## **COUNTY BOARD**

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### **Publishing of Board Minutes**

Neb. Rev. Stat. § 23-122 (Reissue 2012) requires the County Board to publish, within 10 working days after the close of each meeting, a brief statement of the proceedings as well as all claims allowed.

During our audit, we noted 5 of 15 Board minutes selected for testing were not published within 10 working days of the meeting. The publication of the five ranged from two to six working days late.

When proceedings are not published in a timely manner, not only is the County not compliant with relevant State statutes, but also the general public is not made aware of relevant Board discussions and/or actions with reasonable promptness.

We recommend the County Board implement procedures to ensure all proceedings are published within 10 working days of the close of its meetings.

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**COUNTY ATTORNEY**

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**Office Accountability**

During our audit the following was noted:

- As of June 30, 2013, a total of \$2,577 in trust funds could not be accounted for as to whom those funds were owed.
- Two bank accounts, the Law Library and the Child & Family Support accounts, with combined balances as of June 30, 2013, totaling \$1,161, have been dormant with no activity for several years.

Sound accounting practices require all monies held in trust to be adequately detailed as to whom such funds are owed. In addition, sound accounting practices require dormant and/or otherwise inactive bank accounts to be routinely reviewed for appropriateness in order to reduce the risk of loss, theft, or misuse. These issues have been noted in prior audits.

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

We recommend the County Attorney 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.

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**COUNTY CLERK OF THE DISTRICT COURT**

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**Unclaimed Property/Trust Balances**

During our audit, we noted 16 trust balances totaling \$2,318 that were not current, and no action had been taken to remit these funds to the proper party.

Neb. Rev. Stat. § 69-1307.01 (Reissue 2009), which is found in the Uniform Deposition of Unclaimed Property Act, presumes abandoned any intangible personal property held by a political subdivision and unclaimed for more than three years. 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 that old case balances be reviewed regularly and proper action taken to finalize the cases.

When case balances are not reviewed and followed up in a timely manner, there is an increased risk of loss or misuse of funds.

We recommend the Clerk of the District Court review the Monthly Case Balance Report and take the proper action needed on old case balances.

*Clerk of the District Court Response: My office will definitely watch the unclaimed property/trust balances more closely.*

\* \* \* \* \*

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

Draft copies of this report were furnished to the County to provide management with an opportunity to review the report and to respond to the comments and recommendations included in this report. All formal responses received have been incorporated into this report. Where no response has been included, the County declined to respond. Responses that indicate corrective action has been taken were not verified at this time, but 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  
Assistant Deputy Auditor