

**AUDIT REPORT
OF
LINCOLN COUNTY**

JULY 1, 2018, THROUGH JUNE 30, 2019

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the Auditor of Public Accounts.**

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Issued on November 7, 2019

LINCOLN COUNTY

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LINCOLN COUNTY
301 N. Jeffers St.
North Platte, NE 69101

LIST OF COUNTY OFFICIALS
At June 30, 2019

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	Bill Henry	Jan. 2023
	Joe Hewgley	Jan. 2021
	Walt Johnson	Jan. 2023
	Kent Weems	Jan. 2023
	Jerry Woodruff	Jan. 2021
Assessor	Julie Stenger	Jan. 2023
Attorney	Rebecca Harling	Jan. 2023
Clerk	Rebecca Rossell	Jan. 2023
Election Commissioner		
Clerk of the District Court	Debra McCarthy	Jan. 2023
Public Defender	Robert Lindemeier	Jan. 2023
Register of Deeds	Lois Block	Jan. 2023
Sheriff	Jerome Kramer	Jan. 2023
Surveyor	Bonita Edwards	Jan. 2023
Interim Treasurer	Shelli Franzen	Jan. 2023
Veterans' Service Officer	Paul Cooper	Appointed
Weed Superintendent	Todd Herndon	Appointed
Highway Superintendent	Carla O'Dell	Appointed
Emergency Manager	Brandon Myers	Appointed
Planning and Zoning	Judy Clark	Appointed



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LINCOLN COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Lincoln 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 Lincoln County, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and aggregate remaining fund information of Lincoln County as of June 30, 2019, and the respective changes in cash-basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Emphasis of Matters – Basis of Accounting

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

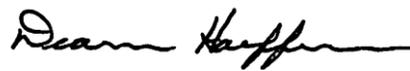
Report on Supplementary Information

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

The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, pages 19-31, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2019, on our consideration of Lincoln County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lincoln County's internal control over financial reporting and compliance.



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

November 4, 2019

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

		Governmental Activities
<hr/>		
ASSETS		
Cash and Cash Equivalents (Note 1.D)	\$	17,470,701
Investments (Note 1.D)		3,234,601
TOTAL ASSETS		<u><u>\$ 20,705,302</u></u>
NET POSITION		
Restricted for:		
Visitor Promotion	\$	803,099
Insurance		113,281
Drug Education		9,500
Law Enforcement		16,209
Preservation of Records		54,884
Debt Service		5,380,955
Road Maintenance		1,818,623
Child Support Enforcement		69,936
Aid and Assistance		45,025
Miscellaneous Projects		351,996
County Buildings		1,549,133
Unrestricted		10,492,661
TOTAL NET POSITION		<u><u>\$ 20,705,302</u></u>

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

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

Functions:	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ (8,557,139)	\$ 1,460,231	\$ 399,064	\$ (6,697,844)
Public Safety	(6,130,299)	689,803	300,328	(5,140,168)
Public Works	(6,738,761)	-	3,982,464	(2,756,297)
Public Assistance	(386,449)	-	-	(386,449)
Culture and Recreation	(1,111,295)	-	28,315	(1,082,980)
Debt Payments	(1,071,853)	-	-	(1,071,853)
Total Governmental Activities	\$ (23,995,796)	\$ 2,150,034	\$ 4,710,171	(17,135,591)

General Receipts:

Property Taxes	15,151,110
Grants and Contributions Not Restricted to Specific Programs	1,898,651
Investment Income	136,347
Licenses and Permits	133,210
Bond Proceeds	3,437,695
Miscellaneous	99,376
Total General Receipts	20,856,389
 Increase in Net Position	 3,720,798
Net Position - Beginning of year	16,984,504
Net Position - End of year	\$ 20,705,302

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

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

	General Fund	Road Fund	Inheritance Fund	Special Road Fund	Highway Road Bond	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents (Note 1.D)	\$ 2,726,603	\$ 921,437	\$ 1,173,055	\$ 2,250,758	\$ 3,437,695	\$ 6,961,153	\$ 17,470,701
Investments (Note 1.D)	-	-	3,189,576	-	-	45,025	3,234,601
TOTAL ASSETS	<u>\$ 2,726,603</u>	<u>\$ 921,437</u>	<u>\$ 4,362,631</u>	<u>\$ 2,250,758</u>	<u>\$ 3,437,695</u>	<u>\$ 7,006,178</u>	<u>\$ 20,705,302</u>
FUND BALANCES							
Restricted for:							
Visitor Promotion	-	-	-	-	-	803,099	803,099
Insurance	-	-	-	-	-	113,281	113,281
Drug Education	-	-	-	-	-	9,500	9,500
Law Enforcement	-	-	-	-	-	16,209	16,209
Preservation of Records	-	-	-	-	-	54,884	54,884
Debt Service	-	-	-	-	3,437,695	1,943,260	5,380,955
Road Maintenance	-	-	-	-	-	1,818,623	1,818,623
Child Support Enforcement	-	-	-	-	-	69,936	69,936
Aid and Assistance	-	-	-	-	-	45,025	45,025
Miscellaneous Projects	-	-	-	-	-	351,996	351,996
County Buildings	-	-	-	-	-	1,549,133	1,549,133
Committed to:							
Road Maintenance	-	921,437	-	-	-	-	921,437
Aid and Assistance	-	-	-	-	-	226,435	226,435
Road Projects	-	-	-	2,250,758	-	-	2,250,758
Juvenile Court Costs	-	-	-	-	-	4,797	4,797
Assigned to:							
Other Purposes	-	-	4,362,631	-	-	-	4,362,631
Unassigned	2,726,603	-	-	-	-	-	2,726,603
TOTAL CASH BASIS FUND BALANCES	<u>\$ 2,726,603</u>	<u>\$ 921,437</u>	<u>\$ 4,362,631</u>	<u>\$ 2,250,758</u>	<u>\$ 3,437,695</u>	<u>\$ 7,006,178</u>	<u>\$ 20,705,302</u>

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

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

	General Fund	Road Fund	Inheritance Fund	Special Road Fund	Highway Road Bond	Other Governmental Funds	Total Governmental Funds
RECEIPTS							
Property Taxes	\$ 11,346,563	\$ -	\$ 1,133,663	\$ 178,507	\$ -	\$ 2,492,377	\$ 15,151,110
Licenses and Permits	133,210	-	-	-	-	-	133,210
Investment Income	133,823	-	-	-	-	2,524	136,347
Intergovernmental	2,389,701	3,655,377	-	3,539	-	560,205	6,608,822
Charges for Services	2,053,323	-	-	-	-	96,711	2,150,034
Miscellaneous	43,928	9,837	-	-	3,437,695	45,611	3,537,071
TOTAL RECEIPTS	<u>16,100,548</u>	<u>3,665,214</u>	<u>1,133,663</u>	<u>182,046</u>	<u>3,437,695</u>	<u>3,197,428</u>	<u>27,716,594</u>
DISBURSEMENTS							
General Government	8,120,450	-	-	-	-	436,689	8,557,139
Public Safety	6,071,156	-	-	-	-	59,143	6,130,299
Public Works	242,920	6,478,988	-	14,103	-	2,750	6,738,761
Public Assistance	386,449	-	-	-	-	-	386,449
Culture and Recreation	-	-	-	-	-	1,111,295	1,111,295
Debt Service:							
Principal Payments	-	-	-	-	-	855,000	855,000
Interest and Fiscal Charges	-	-	-	-	-	216,853	216,853
TOTAL DISBURSEMENTS	<u>14,820,975</u>	<u>6,478,988</u>	<u>-</u>	<u>14,103</u>	<u>-</u>	<u>2,681,730</u>	<u>23,995,796</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,279,573</u>	<u>(2,813,774)</u>	<u>1,133,663</u>	<u>167,943</u>	<u>3,437,695</u>	<u>515,698</u>	<u>3,720,798</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	5,000	3,010,000	150,000	-	-	490,000	3,655,000
Transfers out	(2,230,000)	(150,000)	(800,000)	-	-	(475,000)	(3,655,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,225,000)</u>	<u>2,860,000</u>	<u>(650,000)</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>-</u>
Net Change in Fund Balances	(945,427)	46,226	483,663	167,943	3,437,695	530,698	3,720,798
CASH BASIS FUND BALANCES - BEGINNING	<u>3,672,030</u>	<u>875,211</u>	<u>3,878,968</u>	<u>2,082,815</u>	<u>-</u>	<u>6,475,480</u>	<u>16,984,504</u>
CASH BASIS FUND BALANCES - ENDING	<u>\$ 2,726,603</u>	<u>\$ 921,437</u>	<u>\$ 4,362,631</u>	<u>\$ 2,250,758</u>	<u>\$ 3,437,695</u>	<u>\$ 7,006,178</u>	<u>\$ 20,705,302</u>

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

LINCOLN COUNTY
STATEMENT OF CASH BASIS NET POSITION
FIDUCIARY FUNDS
June 30, 2019

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 5,829,913
Investments (Note 1.D)	25,000
TOTAL ASSETS	\$ 5,854,913
LIABILITIES	
Due to other governments	
State	653,436
Schools	4,118,457
Educational Service Units	15,228
Technical College	75,303
Natural Resource Districts	42,900
Fire Districts	83,689
Municipalities	265,862
Agricultural Society	6,782
Cemetery Districts	39,034
Drainage Districts	6,515
Irrigation Districts	135,066
Hospital	5,019
Airport Authorities	17,096
Others	390,526
TOTAL LIABILITIES	5,854,913
TOTAL NET ASSETS	\$ -

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

LINCOLN COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2019

1. **Summary of Significant Accounting Policies**

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

A. Reporting Entity

Lincoln County, Nebraska, (County) is a governmental entity established under and governed by the laws of the State of Nebraska (State). The County is managed by county officials who are elected on a political ballot for four-year terms. As a political subdivision of the State, the County is exempt from State and Federal income taxes. The financial statements include all funds of the County that are not legally separate. The County has also considered all potential component units for which it is financially accountable, as well as other organizations that are either fiscally dependent on the County or maintain a significant relationship with the County, such that exclusion would be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County. The County is also considered financially accountable if an organization is fiscally dependent on and there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

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

Joint Organization.

Behavioral Health Region II – 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 II (Region) consists of the following counties: Grant, Hooker, Thomas, Arthur, McPherson, Logan, Keith, Lincoln, Perkins, Chase, Hayes, Frontier, Dawson, Gosper, Dundy, Hitchcock, and Red Willow.

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 \$193,444 toward the operation of the Region during fiscal year 2019. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Department of Health and Human Services requires the Region to be audited annually in accordance with State statute. Financial information for the Region is available in those audit reports.

LINCOLN COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Health Department – The County has entered into an agreement with the West Central District Health Department (Department) to provide public health services. The agreement was established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636 (Reissue 2018).

The Department’s governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. The County did not contribute toward the operation of the Department during fiscal year 2019. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Cum. Supp. 2018). Financial information for the Department is available in that report.

B. Basis of Presentation

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

Restricted. This category results when constraints are externally imposed on net asset use by creditors, grantors, or contributors, or imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the County’s policy to use restricted resources first, then the unrestricted resources as they are needed.

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

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

LINCOLN 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.

Road Fund. This fund is used to account for costs associated with the repair and maintenance of roads and bridges and is primarily funded by State tax receipts.

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

Special Road Fund. This fund is used to account for the receipts generated from property taxes and is used for costs associated with the repair and maintenance of roads and bridges.

Highway Road Bond Fund. This fund accounts for bond proceeds designated for the payment of long-term debt principal, interest, and related costs associated with bonds issued for the purpose of making certain road improvements.

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

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

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

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

LINCOLN COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

The County designates fund balances as follows:

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

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

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

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

C. Measurement Focus, Basis of Accounting

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

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

D. Assets and Net Position

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

LINCOLN 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 2018) and generally include U.S. Government obligations, certificates of deposit, and time deposits and securities, which are authorized by the Nebraska Investment Council.

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

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

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

Restricted Net Position. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$10,212,641 of restricted net position, which is fully restricted by enabling legislation.

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

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

LINCOLN COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Concluded)

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

2. Deposits and Investments

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

At year end, the County's carrying amount of deposits was \$17,470,701 for County funds and \$5,829,913 for fiduciary funds. The bank balances for all funds totaled \$23,433,900. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2019, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

The County did not have sufficient collateral securities to protect deposits at all times during the fiscal year.

The County's carrying value of investments is stated at cost, which approximates market. Investments consisted of \$3,234,601 deposited in the Nebraska Public Agency Investment Trust (NPAIT). The County also held deposits in NPAIT of \$25,000 for fiduciary funds. NPAIT is a public entity investment pool operated under the direction of a nine-member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income that has accrued to each participant is converted as of the close of business of each calendar month into additional units, which thereafter are held in each participant's trust account. Since net income of the fund is allocated among participants each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name.

3. Property Taxes

Property taxes are levied by the County Board on or before October 15 of each year for all political subdivisions in the County. Real estate and personal property taxes are due and attach as an enforceable lien on January 1 following the levy date, and they become delinquent in two equal installments on May 1 and September 1. Motor vehicle taxes are due when application is made for registration of a motor vehicle.

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.

LINCOLN COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. Property Taxes (Concluded)

The levy set in October 2018, for the 2018 taxes, which will be materially collected in May and September 2019, was set at \$.258290/\$100 of assessed valuation. The levy set in October 2017, for the 2017 taxes, which were materially collected in May and September 2018, was set at \$.260520/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

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

4. Retirement System

The Retirement System for Nebraska Counties (Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2012, Cum. Supp. 2018) and may be amended through legislative action.

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

County employees and elected officials contribute 4.5% of their total compensation. In addition, the County contributes an amount equal to 150% of the employee's contribution. The contribution rates are established by § 23-2307 and § 23-2308 and may be amended through legislative action. The employee's and employer's contributions are kept in separate accounts. The employee's account is fully vested. The employer's account is fully vested after three years of participation in the system or credit for participation in another governmental plan prior to actual contribution to the Plan. Non-vested County contributions are forfeited upon termination. Forfeitures are used to cover a portion of the pension plan's administrative expenses. Prior service benefits are paid directly by the County to the retired employee. The Plan's financial statements, including pension costs and obligations, are audited annually and can be obtained from the State of Nebraska Public Employees Retirement System.

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

For the year ended June 30, 2019, 248 employees contributed \$391,529, and the County contributed \$580,404. Contributions included \$13,777 in cash contributions towards the supplemental law enforcement plan for 25 law enforcement employees. Lastly, the County paid \$2,537 directly to 28 retired employees for prior service benefits.

LINCOLN COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. **Risk Management**

The county is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has purchased commercial insurance to cover the risk of loss and believes adequate coverage exists for potential exposures.

There were no significant reductions in insurance coverage from the prior year coverage, and the County did not incur any expenses that exceeded the coverage amount for the year ended June 30, 2019.

6. **Interfund Transfers**

Interfund transfers for the year ended June 30, 2019, consisted of the following:

Transfers to	Transfers from				Total
	General Fund	Road Fund	Inheritance Fund	Nonmajor Funds	
General Fund	\$ -	\$ -	\$ -	\$ 5,000	\$ 5,000
Road Fund	2,230,000	-	780,000	-	3,010,000
Inheritance Fund	-	150,000	-	-	150,000
Nonmajor Funds	-	-	20,000	470,000	490,000
Total	<u>\$ 2,230,000</u>	<u>\$ 150,000</u>	<u>\$ 800,000</u>	<u>\$ 475,000</u>	<u>\$ 3,655,000</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.

In the year ended June 30, 2019, the County made a one-time transfer of \$5,000 from the Federal Forfeiture Fund to the General Fund for the reimbursement of a claim paid out of the incorrect fund. In addition, the County made a one-time transfer of \$150,000 from the Road Fund to the Inheritance Fund to pay the final balance owed on an interfund loan.

7. **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 materially adverse effect on the financial condition of the County.

8. **Long-Term Debt**

2016 Jail General Obligation Bond

The County issued bonds on July 20, 2016, in the amount of \$5,095,000 for the purpose of redeeming Series 2011 Bonds, which were issued for the purpose of paying the costs of constructing a sheriff's office and county jail facilities, as well as acquiring real estate. The bond payable balance as of June 30, 2019, was \$4,125,000. 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.

LINCOLN COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

8. Long-Term Debt (Continued)

Future Payments:

Year	Principal	Interest	Total
2020	\$ 340,000	\$ 79,915	\$ 419,915
2021	345,000	73,065	418,065
2022	355,000	66,065	421,065
2023	360,000	58,915	418,915
2024	370,000	51,615	421,615
2025-2029	1,940,000	143,475	2,083,475
2030	415,000	4,358	419,358
Total Payments	\$ 4,125,000	\$ 477,408	\$ 4,602,408

2017 Jail General Obligation Bond

The County issued bonds on June 1, 2017, in the amount of \$6,060,000 for the purpose of redeeming Series 2012 Bonds, which were issued for the purpose of paying the costs of constructing a sheriff's office and county jail facilities, as well as acquiring real estate. The bond payable balance as of June 30, 2019, was \$6,025,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Future tax resources will be used to pay off the bonds.

Future Payments:

Year	Principal	Interest	Total
2020	\$ 515,000	\$ 122,641	\$ 637,641
2021	520,000	114,480	634,480
2022	530,000	103,980	633,980
2023	530,000	93,380	623,380
2024	540,000	82,680	622,680
2025-2029	2,800,000	238,715	3,038,715
2030-2034	590,000	7,523	597,523
Total Payments	\$ 6,025,000	\$ 763,399	\$ 6,788,399

Highway Allocation Bond

The County issued bonds on May 1, 2019, in the amount of \$3,270,000 for the purpose of making certain road improvements within the County. The bond payable balance as of June 30, 2019, was \$3,270,000. 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. Highway Allocation resources will be used to pay off the bonds.

LINCOLN COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

8. Long-Term Debt (Concluded)

Future Payments:

Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ -	\$ 130,563	\$ 130,563
2021	610,000	111,371	721,371
2022	625,000	93,900	718,900
2023	650,000	68,400	718,400
2024	680,000	41,800	721,800
2025	705,000	14,100	719,100
Total Payments	<u>\$ 3,270,000</u>	<u>\$ 460,134</u>	<u>\$ 3,730,134</u>

LINCOLN COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 12,304,600	\$ 12,304,600	\$ 11,346,563	\$ (958,037)
Licenses and Permits	131,400	131,400	133,210	1,810
Interest	75,000	75,000	133,823	58,823
Intergovernmental	1,804,842	1,804,842	2,389,701	584,859
Charges for Services	1,995,350	1,995,350	2,053,323	57,973
Miscellaneous	15,546	15,546	43,928	28,382
TOTAL RECEIPTS	<u>16,326,738</u>	<u>16,326,738</u>	<u>16,100,548</u>	<u>(226,190)</u>
DISBURSEMENTS				
General Government:				
County Board	127,900	167,900	151,757	16,143
County Clerk	351,371	351,371	323,354	28,017
County Treasurer	495,840	495,840	440,815	55,025
Register of Deeds	185,845	185,845	171,342	14,503
County Assessor	536,670	536,670	513,355	23,315
Planning Commission	38,291	38,291	35,589	2,702
Information Technology	114,556	114,556	107,621	6,935
Adv., Insurance and Bonds	2,643,500	2,643,500	2,399,129	244,371
Federal Payroll Tax	485,735	485,735	480,917	4,818
Clerk of District Court	336,435	336,435	290,605	45,830
County Court System	44,665	44,665	44,518	147
District Court	64,103	64,103	57,789	6,314
Public Defender	480,750	480,750	470,858	9,892
Building and Grounds	432,650	432,650	356,552	76,098
Jail Building and Grounds	193,500	193,500	155,646	37,854
Agricultural Extension Agent	163,526	163,526	163,193	333
Photostat Department	84,296	84,296	75,191	9,105
Retirement	473,500	473,500	457,161	16,339
Employment Security	8,000	8,000	2,358	5,642
Grant Funds	500,000	500,000	189,133	310,867
Miscellaneous	1,527,044	1,483,044	1,233,567	249,477
Public Safety				
County Sheriff	2,230,800	2,230,800	2,157,782	73,018
County Attorney	707,035	707,035	653,220	53,815
Communication Center	137,450	137,450	91,605	45,845
County Jail	2,333,500	2,333,500	2,180,489	153,011
Emergency Management	294,452	294,452	196,329	98,123
Merit Commission	1,250	1,250	36	1,214
Child Support Division	332,830	332,830	254,924	77,906
District Probation Office	137,000	137,000	136,965	35
Ambulance and Rescue Operations	380,631	384,631	380,071	4,560
Dive and Rescue Team	19,800	19,800	19,735	65

(Continued)

LINCOLN COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DISBURSEMENTS (Continued)				
Public Works				
County Surveyor	69,175	69,175	49,452	19,723
Noxious Weed Control	242,730	242,730	193,468	49,262
Public Assistance				
Veterans' Service Officer	82,995	82,995	81,306	1,689
Institutions	153,143	153,143	137,644	15,499
County Relief	112,300	112,300	82,732	29,568
Victim's Assistance Program	120,500	120,500	84,767	35,733
TOTAL DISBURSEMENTS	<u>16,643,768</u>	<u>16,643,768</u>	<u>14,820,975</u>	<u>1,822,793</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(317,030)</u>	<u>(317,030)</u>	<u>1,279,573</u>	<u>1,596,603</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	5,000	5,000
Transfers out	(2,230,000)	(2,230,000)	(2,230,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,230,000)</u>	<u>(2,230,000)</u>	<u>(2,225,000)</u>	<u>5,000</u>
Net Change in Fund Balance	(2,547,030)	(2,547,030)	(945,427)	1,601,603
FUND BALANCE - BEGINNING	<u>3,672,030</u>	<u>3,672,030</u>	<u>3,672,030</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,125,000</u>	<u>\$ 1,125,000</u>	<u>\$ 2,726,603</u>	<u>\$ 1,601,603</u>

(Concluded)

LINCOLN COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 3,661,145	\$ 3,661,145	\$ 3,655,377	\$ (5,768)
Miscellaneous	4,588	4,588	9,837	5,249
TOTAL RECEIPTS	3,665,733	3,665,733	3,665,214	(519)
DISBURSEMENTS	7,350,945	7,350,945	6,478,988	871,957
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(3,685,212)	(3,685,212)	(2,813,774)	871,438
OTHER FINANCING SOURCES (USES)				
Transfers in	3,010,000	3,010,000	3,010,000	-
Transfers out	-	-	(150,000)	(150,000)
TOTAL OTHER FINANCING SOURCES (USES)	3,010,000	3,010,000	2,860,000	(150,000)
Net Change in Fund Balance	(675,212)	(675,212)	46,226	721,438
FUND BALANCE - BEGINNING	875,212	875,212	875,211	(1)
FUND BALANCE - ENDING	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 921,437</u>	<u>\$ 721,437</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 7,000	\$ 7,000	\$ 1,133,663	\$ 1,126,663
TOTAL RECEIPTS	7,000	7,000	1,133,663	1,126,663
DISBURSEMENTS	2,109,563	2,109,563	-	2,109,563
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(2,102,563)	(2,102,563)	1,133,663	3,236,226
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	150,000	150,000
Transfers out	(876,405)	(876,405)	(800,000)	76,405
TOTAL OTHER FINANCING SOURCES (USES)	(876,405)	(876,405)	(650,000)	226,405
Net Change in Fund Balance	(2,978,968)	(2,978,968)	483,663	3,462,631
FUND BALANCE - BEGINNING	3,878,968	3,878,968	3,878,968	-
FUND BALANCE - ENDING	<u>\$ 900,000</u>	<u>\$ 900,000</u>	<u>\$ 4,362,631</u>	<u>\$ 3,462,631</u>

LINCOLN COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
SPECIAL ROAD FUND				
RECEIPTS				
Taxes	\$ -	\$ -	\$ 178,507	\$ 178,507
Intergovernmental	-	-	3,539	3,539
TOTAL RECEIPTS	-	-	182,046	182,046
DISBURSEMENTS	2,082,815	2,082,815	14,103	2,068,712
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(2,082,815)	(2,082,815)	167,943	2,250,758
Net Change in Fund Balance	(2,082,815)	(2,082,815)	167,943	2,250,758
FUND BALANCE - BEGINNING	2,082,815	2,082,815	2,082,815	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,250,758</u>	<u>\$ 2,250,758</u>
HIGHWAY ROAD BOND				
Miscellaneous				
Miscellaneous	\$ -	\$ -	\$ 3,437,695	\$ 3,437,695
TOTAL RECEIPTS	-	-	3,437,695	3,437,695
DISBURSEMENTS	-	-	-	-
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	-	-	3,437,695	3,437,695
Net Change in Fund Balance	-	-	3,437,695	3,437,695
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,437,695</u>	<u>\$ 3,437,695</u>

(Concluded)

LINCOLN COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
HIGHWAY BUYBACK FUND				
Receipts	\$ 327,193	\$ 327,193	\$ 327,194	\$ 1
Disbursements	(1,821,372)	(1,821,372)	(2,750)	1,818,622
Net Change in Fund Balance	(1,494,179)	(1,494,179)	324,444	1,818,623
Fund Balance - Beginning	1,494,179	1,494,179	1,494,179	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,818,623</u>	<u>\$ 1,818,623</u>
CHILD SUPPORT INCENTIVE FUND				
Receipts	\$ 216,339	\$ 216,339	\$ 39,828	\$ (176,511)
Disbursements	(303,000)	(303,000)	(56,553)	246,447
Net Change in Fund Balance	(86,661)	(86,661)	(16,725)	69,936
Fund Balance - Beginning	86,661	86,661	86,661	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,936</u>	<u>\$ 69,936</u>
VISITOR'S PROMOTION FUND				
Receipts	\$ 555,403	\$ 555,403	\$ 518,244	\$ (37,159)
Disbursements	(1,348,095)	(1,348,095)	(923,290)	424,805
Transfers in	574,500	574,500	470,000	(104,500)
Transfers out	-	-	-	-
Net Change in Fund Balance	(218,192)	(218,192)	64,954	283,146
Fund Balance - Beginning	268,192	268,192	268,192	-
Fund Balance - Ending	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 333,146</u>	<u>\$ 283,146</u>
VISITOR'S IMPROVEMENT FUND				
Receipts	\$ 562,500	\$ 562,500	\$ 444,318	\$ (118,182)
Disbursements	(671,640)	(671,640)	(188,005)	483,635
Transfers in	-	-	-	-
Transfers out	(574,500)	(574,500)	(470,000)	104,500
Net Change in Fund Balance	(683,640)	(683,640)	(213,687)	469,953
Fund Balance - Beginning	683,640	683,640	683,640	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 469,953</u>	<u>\$ 469,953</u>
PRESERVATION AND MODERNIZATION FUND				
Receipts	\$ 25,000	\$ 25,000	\$ 22,733	\$ (2,267)
Disbursements	(59,524)	(59,524)	(2,374)	57,150
Net Change in Fund Balance	(34,524)	(34,524)	20,359	54,883
Fund Balance - Beginning	34,524	34,524	34,525	1
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,884</u>	<u>\$ 54,884</u>

LINCOLN COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
SELF FUNDED INSURANCE FUND				
Receipts	\$ 147,339	\$ 147,339	\$ 130,074	\$ (17,265)
Disbursements	(260,500)	(260,500)	(129,954)	130,546
Net Change in Fund Balance	(113,161)	(113,161)	120	113,281
Fund Balance - Beginning	113,161	113,161	113,161	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,281</u>	<u>\$ 113,281</u>
VETERANS' AID FUND				
Receipts	\$ -	\$ -	\$ 838	\$ 838
Disbursements	(44,187)	(44,187)	-	44,187
Net Change in Fund Balance	(44,187)	(44,187)	838	45,025
Fund Balance - Beginning	44,187	44,187	44,187	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,025</u>	<u>\$ 45,025</u>
DRUG LAW ENFORCEMENT AND EDUCATION FUND				
Receipts	\$ 156,100	\$ 156,100	\$ 9,500	\$ (146,600)
Disbursements	(150,000)	(150,000)	-	150,000
Net Change in Fund Balance	6,100	6,100	9,500	3,400
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ 6,100</u>	<u>\$ 6,100</u>	<u>\$ 9,500</u>	<u>\$ 3,400</u>
FEDERAL FORFEITURE FUND				
Receipts	\$ 178,576	\$ 178,576	\$ 2,375	\$ (176,201)
Disbursements	(200,000)	(200,000)	(2,590)	197,410
Transfers in	-	-	-	-
Transfers out	-	-	(5,000)	(5,000)
Net Change in Fund Balance	(21,424)	(21,424)	(5,215)	16,209
Fund Balance - Beginning	21,424	21,424	21,424	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,209</u>	<u>\$ 16,209</u>
COMMUNITY DEVELOPMENT GRANT FUND				
Receipts	\$ 1,000,000	\$ 1,000,000	\$ -	\$ (1,000,000)
Disbursements	(1,000,000)	(1,000,000)	-	1,000,000
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

LINCOLN COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
KENO LOTTERY FUND				
Receipts	\$ 84,582	\$ 84,582	\$ 64,478	\$ (20,104)
Disbursements	(372,100)	(372,100)	-	372,100
Net Change in Fund Balance	(287,518)	(287,518)	64,478	351,996
Fund Balance - Beginning	287,518	287,518	287,518	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 351,996</u>	<u>\$ 351,996</u>
JUVENILE FACILITY FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(100,000)	(100,000)	(18,798)	81,202
Transfers in	96,405	96,405	20,000	(76,405)
Transfers out	-	-	-	-
Net Change in Fund Balance	(3,595)	(3,595)	1,202	4,797
Fund Balance - Beginning	3,595	3,595	3,595	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,797</u>	<u>\$ 4,797</u>
HANDICAPPED ACCESSIBILITY FUND				
Receipts	\$ -	\$ -	\$ 13	\$ 13
Disbursements	(226,422)	(226,422)	-	226,422
Net Change in Fund Balance	(226,422)	(226,422)	13	226,435
Fund Balance - Beginning	226,422	226,422	226,422	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 226,435</u>	<u>\$ 226,435</u>
COURTHOUSE BUILDING FUND				
Receipts	\$ 862,774	\$ 862,774	\$ 736,470	\$ (126,304)
Disbursements	(1,959,000)	(1,959,000)	(285,563)	1,673,437
Net Change in Fund Balance	(1,096,226)	(1,096,226)	450,907	1,547,133
Fund Balance - Beginning	1,098,226	1,098,226	1,098,226	-
Fund Balance - Ending	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 1,549,133</u>	<u>\$ 1,547,133</u>
JAIL BOND FUND				
Receipts	\$ 913,100	\$ 913,100	\$ 901,363	\$ (11,737)
Disbursements	(3,026,850)	(3,026,850)	(1,071,853)	1,954,997
Net Change in Fund Balance	(2,113,750)	(2,113,750)	(170,490)	1,943,260
Fund Balance - Beginning	2,113,750	2,113,750	2,113,750	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,943,260</u>	<u>\$ 1,943,260</u>

(Concluded)

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

For the Year Ended June 30, 2019

	Highway Buyback Fund	Child Support Incentive Fund	Visitor's Promotion Fund	Visitor's Improvement Fund	Preservation and Modernization Fund
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ 444,318	\$ 444,318	\$ -
Investment Income	-	-	-	-	-
Intergovernmental	327,194	39,828	28,315	-	-
Charges for Services	-	-	-	-	22,733
Miscellaneous	-	-	45,611	-	-
TOTAL RECEIPTS	<u>327,194</u>	<u>39,828</u>	<u>518,244</u>	<u>444,318</u>	<u>22,733</u>
DISBURSEMENTS					
General Government	-	-	-	-	2,374
Public Safety	-	56,553	-	-	-
Public Works	2,750	-	-	-	-
Culture and Recreation	-	-	923,290	188,005	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>2,750</u>	<u>56,553</u>	<u>923,290</u>	<u>188,005</u>	<u>2,374</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>324,444</u>	<u>(16,725)</u>	<u>(405,046)</u>	<u>256,313</u>	<u>20,359</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	470,000	-	-
Transfers out	-	-	-	(470,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>470,000</u>	<u>(470,000)</u>	<u>-</u>
Net Change in Fund Balances	324,444	(16,725)	64,954	(213,687)	20,359
FUND BALANCES - BEGINNING	<u>1,494,179</u>	<u>86,661</u>	<u>268,192</u>	<u>683,640</u>	<u>34,525</u>
FUND BALANCES - ENDING	<u>\$ 1,818,623</u>	<u>\$ 69,936</u>	<u>\$ 333,146</u>	<u>\$ 469,953</u>	<u>\$ 54,884</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	333,146	469,953	-
Insurance	-	-	-	-	-
Drug Education	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	-	-	54,884
Debt Service	-	-	-	-	-
Road Maintenance	1,818,623	-	-	-	-
Child Support Enforcement	-	69,936	-	-	-
Aid and Assistance	-	-	-	-	-
Miscellaneous Projects	-	-	-	-	-
County Buildings	-	-	-	-	-
Committed to:					
Aid and Assistance	-	-	-	-	-
Juvenile Court Costs	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 1,818,623</u>	<u>\$ 69,936</u>	<u>\$ 333,146</u>	<u>\$ 469,953</u>	<u>\$ 54,884</u>

(Continued)

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

	Self Funded Insurance Fund	Veterans' Aid Fund	Drug Law Enforcement and Education Fund	Federal Forfeiture Fund	KENO Lottery Fund
RECEIPTS					
Property Taxes	\$ 117,687	\$ -	\$ -	\$ -	\$ -
Investment Income	22	838	-	-	-
Intergovernmental	12,365	-	-	2,375	-
Charges for Services	-	-	9,500	-	64,478
Miscellaneous	-	-	-	-	-
TOTAL RECEIPTS	<u>130,074</u>	<u>838</u>	<u>9,500</u>	<u>2,375</u>	<u>64,478</u>
DISBURSEMENTS					
General Government	129,954	-	-	-	-
Public Safety	-	-	-	2,590	-
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>129,954</u>	<u>-</u>	<u>-</u>	<u>2,590</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>120</u>	<u>838</u>	<u>9,500</u>	<u>(215)</u>	<u>64,478</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(5,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,000)</u>	<u>-</u>
Net Change in Fund Balances	120	838	9,500	(5,215)	64,478
FUND BALANCES - BEGINNING	<u>113,161</u>	<u>44,187</u>	<u>-</u>	<u>21,424</u>	<u>287,518</u>
FUND BALANCES - ENDING	<u>\$ 113,281</u>	<u>\$ 45,025</u>	<u>\$ 9,500</u>	<u>\$ 16,209</u>	<u>\$ 351,996</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
Insurance	113,281	-	-	-	-
Drug Education	-	-	9,500	-	-
Law Enforcement	-	-	-	16,209	-
Preservation of Records	-	-	-	-	-
Debt Service	-	-	-	-	-
Road Maintenance	-	-	-	-	-
Child Support Enforcement	-	-	-	-	-
Aid and Assistance	-	45,025	-	-	-
Miscellaneous Projects	-	-	-	-	351,996
County Buildings	-	-	-	-	-
Committed to:					
Aid and Assistance	-	-	-	-	-
Juvenile Court Costs	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 113,281</u>	<u>\$ 45,025</u>	<u>\$ 9,500</u>	<u>\$ 16,209</u>	<u>\$ 351,996</u>

(Continued)

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

	Juvenile Facility Fund	Handicapped Accessibility Fund	Courthouse Building Fund	Jail Bond Fund	Total Nonmajor Governmental Funds
RECEIPTS					
Property Taxes	\$ -	\$ 13	\$ 664,141	\$ 821,900	\$ 2,492,377
Investment Income	-	-	340	1,324	2,524
Intergovernmental	-	-	71,989	78,139	560,205
Charges for Services	-	-	-	-	96,711
Miscellaneous	-	-	-	-	45,611
TOTAL RECEIPTS	<u>-</u>	<u>13</u>	<u>736,470</u>	<u>901,363</u>	<u>3,197,428</u>
DISBURSEMENTS					
General Government	18,798	-	285,563	-	436,689
Public Safety	-	-	-	-	59,143
Public Works	-	-	-	-	2,750
Culture and Recreation	-	-	-	-	1,111,295
Debt Service:					-
Principal Payments	-	-	-	855,000	855,000
Interest and Fiscal Charges	-	-	-	216,853	216,853
TOTAL DISBURSEMENTS	<u>18,798</u>	<u>-</u>	<u>285,563</u>	<u>1,071,853</u>	<u>2,681,730</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(18,798)</u>	<u>13</u>	<u>450,907</u>	<u>(170,490)</u>	<u>515,698</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	20,000	-	-	-	490,000
Transfers out	-	-	-	-	(475,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
Net Change in Fund Balances	1,202	13	450,907	(170,490)	530,698
FUND BALANCES - BEGINNING	<u>3,595</u>	<u>226,422</u>	<u>1,098,226</u>	<u>2,113,750</u>	<u>6,475,480</u>
FUND BALANCES - ENDING	<u>\$ 4,797</u>	<u>\$ 226,435</u>	<u>\$ 1,549,133</u>	<u>\$ 1,943,260</u>	<u>\$ 7,006,178</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	803,099
Insurance	-	-	-	-	113,281
Drug Education	-	-	-	-	9,500
Law Enforcement	-	-	-	-	16,209
Preservation of Records	-	-	-	-	54,884
Debt Service	-	-	-	1,943,260	1,943,260
Road Maintenance	-	-	-	-	1,818,623
Child Support Enforcement	-	-	-	-	69,936
Aid and Assistance	-	-	-	-	45,025
Miscellaneous Projects	-	-	-	-	351,996
County Buildings	-	-	1,549,133	-	1,549,133
Committed to:					
Aid and Assistance	-	226,435	-	-	226,435
Juvenile Court Costs	4,797	-	-	-	4,797
TOTAL FUND BALANCES	<u>\$ 4,797</u>	<u>\$ 226,435</u>	<u>\$ 1,549,133</u>	<u>\$ 1,943,260</u>	<u>\$ 7,006,178</u>

(Concluded)

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

	County Clerk	Register of Deeds	Clerk of the District Court	County Sheriff	County Attorney	Weed Superintendent	Highway Superintendent
BALANCES JULY 1, 2018	\$ 1,131	\$ 56,418	\$ 256,830	\$ 156,914	\$ 4,995	\$ 6,673	\$ -
RECEIPTS							
Licenses and Permits	4,825	-	-	1,790	-	-	-
Intergovernmental	-	-	-	65,727	-	-	-
Charges for Services	4,184	263,989	95,773	980,899	16,920	24,825	9,740
Miscellaneous	-	-	-	35,097	2,949	-	-
State Fees	-	279,464	70,219	-	-	-	-
Other Liabilities	-	-	1,507,680	1,179,560	21,776	-	-
TOTAL RECEIPTS	9,009	543,453	1,673,672	2,263,073	41,645	24,825	9,740
DISBURSEMENTS							
Payments to County Treasurer	9,222	268,678	88,970	1,182,149	18,310	17,088	9,740
Payments to State Treasurer	-	290,983	71,913	-	-	-	-
Other Liabilities	-	-	1,379,909	1,168,842	24,116	-	-
TOTAL DISBURSEMENTS	9,222	559,661	1,540,792	2,350,991	42,426	17,088	9,740
BALANCES JUNE 30, 2019	<u>\$ 918</u>	<u>\$ 40,210</u>	<u>\$ 389,710</u>	<u>\$ 68,996</u>	<u>\$ 4,214</u>	<u>\$ 14,410</u>	<u>\$ -</u>
BALANCES CONSIST OF:							
Due to County Treasurer	\$ 868	\$ 19,493	\$ 12,806	\$ 36,322	\$ 3,146	\$ 14,410	\$ -
Petty Cash	50	-	200	2,000	-	-	-
Due to State Treasurer	-	20,717	3,963	-	-	-	-
Due to Others	-	-	372,741	30,674	1,068	-	-
BALANCES JUNE 30, 2019	<u>\$ 918</u>	<u>\$ 40,210</u>	<u>\$ 389,710</u>	<u>\$ 68,996</u>	<u>\$ 4,214</u>	<u>\$ 14,410</u>	<u>\$ -</u>

(Continued)

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

	Veterans' Service Officer	County Extension Office	County Visitor's Center	County Planning and Zoning	County Dive Team	County Assessor	Total
BALANCES JULY 1, 2018	\$ 12,816	\$ -	\$ 100	\$ -	\$ 235	\$ -	\$ 496,112
RECEIPTS							
Licenses and Permits	-	-	-	8,474	-	-	15,089
Intergovernmental	-	-	2,050	-	-	-	67,777
Charges for Services	-	-	-	-	-	-	1,396,330
Miscellaneous	19	121	-	-	6,795	304	45,285
State Fees	-	-	-	-	-	-	349,683
Other Liabilities	-	-	5,454	-	-	-	2,714,470
TOTAL RECEIPTS	19	121	7,504	8,474	6,795	304	4,588,634
DISBURSEMENTS							
Payments to County Treasurer	-	-	-	8,474	-	304	1,602,935
Payments to State Treasurer	-	-	-	-	-	-	362,896
Other Liabilities	195	21	6,134	-	5,970	-	2,585,187
TOTAL DISBURSEMENTS	195	21	6,134	8,474	5,970	304	4,551,018
BALANCES JUNE 30, 2019	<u>\$ 12,640</u>	<u>\$ 100</u>	<u>\$ 1,470</u>	<u>\$ -</u>	<u>\$ 1,060</u>	<u>\$ -</u>	<u>\$ 533,728</u>
BALANCES CONSIST OF:							
Due to County Treasurer	\$ 12,640	\$ -	\$ -	\$ -	\$ 1,060	\$ -	\$ 100,745
Petty Cash	-	100	100	-	-	-	2,450
Due to State Treasurer	-	-	-	-	-	-	24,680
Due to Others	-	-	1,370	-	-	-	405,853
BALANCES JUNE 30, 2019	<u>\$ 12,640</u>	<u>\$ 100</u>	<u>\$ 1,470</u>	<u>\$ -</u>	<u>\$ 1,060</u>	<u>\$ -</u>	<u>\$ 533,728</u>

(Concluded)

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

Item	2014	2015	2016	2017	2018
Tax Certified by Assessor					
Real Estate	\$ 60,500,125	\$ 62,823,802	\$ 66,795,208	\$ 68,528,741	\$ 69,429,897
Personal and Specials	5,349,405	5,181,685	4,927,663	4,879,359	5,045,336
Total	65,849,530	68,005,487	71,722,871	73,408,100	74,475,233
Corrections					
Additions	22,797	19,625	23,802	5,252	23,466
Deductions	(77,898)	(18,462)	(19,492)	(9,010)	(4,725)
Net Additions/ (Deductions)	(55,101)	1,163	4,310	(3,758)	18,741
Corrected Certified Tax	65,794,429	68,006,650	71,727,181	73,404,342	74,493,974
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2015	38,916,920	-	-	-	-
June 30, 2016	26,814,482	40,436,989	-	-	-
June 30, 2017	47,323	27,518,271	42,492,463	-	-
June 30, 2018	11,190	45,633	29,203,610	44,321,990	-
June 30, 2019	1,683	3,090	23,797	29,048,827	43,719,192
Total Net Collections	65,791,598	68,003,983	71,719,870	73,370,817	43,719,192
Total Uncollected Tax	\$ 2,831	\$ 2,667	\$ 7,311	\$ 33,525	\$ 30,774,782
Percentage Uncollected Tax	0.00%	0.00%	0.01%	0.05%	41.31%

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



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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LINCOLN 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 Commissioners
Lincoln 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 Lincoln County, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Lincoln County's basic financial statements, and have issued our report thereon dated November 4, 2019. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lincoln 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 Lincoln County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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

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

Compliance and Other Matters

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

Additional Items

We also noted certain matters that we reported to the management of Lincoln County in a separate letter dated November 4, 2019.

Lincoln County’s Response to Findings

Lincoln County declined to respond to the finding described above.

Purpose of this Report

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



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

November 4, 2019



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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November 4, 2019

Board of Commissioners
Lincoln County, Nebraska

Dear Commissioners:

We have audited the basic financial statements of Lincoln County (County) for the fiscal year ended June 30, 2019, and have issued our report thereon dated November 4, 2019. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

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

COUNTY OVERALL

Segregation of Duties

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

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

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

Receipting Procedures

During our audit, we noted the following offices lacked proper receipts or other such documentation to support monies received:

- The Planning and Zoning office collected various building permit fees; however, no receipt or log was maintained on file to support \$8,474 in fees remitted to the County Treasurer during the fiscal year.
- The District Court collected copy fees; however, no receipt or log was maintained for the amount collected. During a cash count on October 2, 2019, we counted \$105 in copy fees collected for which there was no record.
- The Highway Department collected road maintenance fees; however, no receipt or log was maintained on file to support \$9,740 in fees remitted to the County Treasurer during the fiscal year.
- The County Assessor collected copy fees; however, no receipt or log was maintained on file to support \$304 in fees remitted to the County Treasurer during the fiscal year.

Good internal controls and sound accounting practices require procedures to ensure that receipts are issued or receipt logs are maintained for all fees collected. Receipts should be issued or receipt logs should be filled out at the time funds are collected by the office.

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

We recommend the County implement procedures to ensure receipts are issued or receipt logs are filled out at the time funds are received by a County office.

Petty Cash Funds

During our audit, we noted the following issues related to petty cash funds held:

- The District Court maintained \$200 in cash in the office; however, this balance was not authorized as a petty cash fund by the County Board, nor was it included on the County budget message.
- The County Clerk maintained \$50 in cash in the office; however, this balance was not authorized as a petty cash fund by the County Board, nor was it included on the County budget message.
- The County Attorney maintained \$500 in a bank account; however, the balance was not reconciled to the authorized amount. As of June 30, 2019, the petty cash account had an overage of \$1,169.
- The County Sheriff maintained \$1,000 in cash in the office; however, the balance was not reconciled to the authorized amount. As of June 30, 2019, the balance held was short by \$347.

Neb. Rev. Stat. § 23-106(2) (Reissue 2012) states the following:

The county board shall have the authority to establish a petty cash fund for such county for the purpose of making payments for subsidiary general operational expenditures and purchases. Such county board shall set, by resolution of the board, the amount of money to be carried in such petty cash fund and the dollar limit of an expenditure from such fund and such amount shall be stated in the fiscal policy of the county board budget message.

Additionally, good internal controls and sound accounting practices require procedures to ensure periodic reconciliation and balancing methods are used so that County office petty cash funds will be maintained at the authorized amounts.

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

We recommend the County offices implement procedures to ensure that petty cash funds are: (1) properly authorized by the County Board; (2) included in the County Board budget message; (3) maintained at the amounts authorized by the County Board; and (4) subject to periodic reconciliations to the authorized amounts.

County's Response: The petty cash funds in the Clerk of the District Court Office and the County Clerk's Office had been established many years before any of the current office holders. The County Board will adopt a Resolution to authorize the petty cash funds for Clerk of the District Court and the County Clerk and will be included in the County Board budget message.

COUNTY ATTORNEY

Accounting Procedures

During our audit, we noted multiple issues regarding the County Attorney's accounting procedures, as described below:

- A monthly asset-to-liability reconciliation was not performed for the diversion account, resulting in an unknown long of \$168.
- Diversion fees were not remitted timely to the County Treasurer. Diversion fees, totaling \$17,000, were remitted only once during the fiscal year.
- An accurate book balance for the petty cash account was not maintained. The book balance provided by the office included \$479 in outstanding checks that were actually voided checks.
- There was an unknown balance of \$9 in the Bad Check bank account.

Sound accounting practices and good internal controls require procedures to ensure that adequate reconciliation and balancing methods are utilized, including procedures to ensure office assets (cash on hand, reconciled bank balance, accounts receivable, etc.) are in agreement with office liabilities (fee and trust accounts) on at least a monthly basis. Such procedures should also include the timely identification and resolution of all variances noted and the maintenance of proper documentation to support correct balances. Additionally, sound accounting practices require procedures to ensure the timely remittance of all fees to the County Treasurer.

A lack of such procedures increases the risk of loss, theft, or misuse of County funds and allows errors to go undetected more easily.

We recommend the County Attorney implement monthly fund balancing procedures to ensure the performance of regular bank and asset-to-liability reconciliations. We further recommend the County Attorney remit fees timely to the County Treasurer.

Drug Fund Account and Reporting

The County maintains two drug forfeiture funds with the County Treasurer. The County Drug Law Enforcement and Education Fund was created per Neb. Rev. Stat. § 28-1439.02 (Reissue 2016) to account for money forfeited in connection with drug-related seizures by local and State law enforcement. The Federal Forfeiture Fund was created to account for money forfeited in connection with seizures by Federal law enforcement agencies.

We noted the following issues with both funds during the fiscal year:

- The County Attorney received \$2,375 that was deposited into the Federal Forfeiture Fund instead of the County Drug Law Enforcement and Education Fund.
- The County Attorney is required to report activity related to the Federal Forfeiture Fund with the Federal Department of Justice; however, the ending balance on this report did not agree to the balance maintained in the fund. The ending balance as reported on the Equitable Sharing and Agreement Certificate filed by the County Attorney was \$9,776 less than the actual balance held by the County Treasurer in the Federal Forfeiture Fund.
- The County Attorney maintains a bank account in which Federal forfeiture monies were deposited. As of June 30, 2019, this account had an unknown balance of \$187.

Section 28-1439.02(2) states, “Money remitted to any county pursuant to section 77-4310.01 shall be credited by the county treasurer of such county to the County Drug Law Enforcement and Education Fund.”

The U.S. Department of Justice Guide to Equitable Sharing for State and Local Law Enforcement Agencies requires an accurate certification report to be filed annually. Additionally, good internal controls require procedures to ensure that such reports are accurate and complete.

Lastly, sound accounting practices and good internal controls require procedures to ensure adequate reconciliation and balancing methods are utilized, including procedures to ensure office assets (cash on hand, reconciled bank balance, accounts receivable, etc.) are in agreement with office liabilities (fee and trust accounts) on at least a monthly basis. Such procedures should also include the timely identification and resolution of all variances noted and the maintenance of proper documentation to support correct balances.

Without such procedures, there is an increased risk of loss or misuse of funds as well as noncompliance with applicable Federal and State requirements.

We recommend the County Attorney implement procedures to ensure an accurate reconciliation so that all balances will be remitted to the proper payee. We further recommend the County Attorney work with the County Treasurer to review the drug forfeiture monies to ensure the funds were properly recorded in the correct fund, and the fund amounts are reported accurately.

COUNTY BOARD

Advance Claims

We noted the following claims were submitted prior to receiving an invoice from the vendor:

Claim Number	Date of Claim	Payee	Amount	Office Budget
1902302	6/10/19	Western Engineering Co., Inc.	\$ 1,448,562	Highway
1902651	6/24/19	Western Engineering Co., Inc	\$ 327,338	Highway
1902675	6/24/19	Wayne Dowhower Construction, Inc.	\$ 10,287	Board
1902676	6/24/19	Wayne Dowhower Construction, Inc.	\$ 17,591	Board
Total			\$ 1,803,778	

Claims submitted by the Highway Department, listed in the table above, were created based on an approved bid for a road construction project and a subsequent change order. Payment was still held by the Highway Department at the time of audit fieldwork in October 2019, over three months after the claim was submitted and approved by the County Board. The County stated that the claim was approved prior to completion so the claim could come out of the fiscal year 2019 budget instead of the fiscal year 2020 budget.

Claims submitted on behalf of the County Board, listed in the table above, were created based on change orders submitted, instead of an actual invoice. As this vendor also submitted invoices for work completed, the advance payments resulted in the County overpaying the vendor by \$27,878. Of this balance, \$24,363 was subsequently returned by the vendor. The remaining \$3,515 was applied to an additional amount due; however, the payment of this balance to the vendor was never approved by the County Board.

Neb. Rev. Stat. § 23-135 (Reissue 2012) states, in relevant part, the following:

(1) All claims against a county shall be filed with the county clerk within ninety days from the time when any materials or labor, which form the basis of the claims, have been furnished or performed . . .

* * * *

(3) The county board may pay in advance of services being rendered if it is pursuant to a contract entered into with the state. Such contract shall meet the requirements of the Interlocal Cooperation Act . . .

Neb. Rev. Stat. § 13-504 (Reissue 2012) states, in relevant part, the following:

*A proposed budget statement shall contain the following information, except as provided by state law: . . .
The unencumbered cash balance at the beginning and end of the year or biennial period.*

Sound accounting practices and good internal controls require procedures to verify that services were performed prior to payment.

Without such procedures, there is an increased risk of not only noncompliance with State statute but also incorrect payments and budgets not reflecting the full financial activity correctly. This can lead to the loss or misuse of funds.

We recommend the County Board implement procedures to ensure that payments to vendors are made in accordance with State statutes. We further recommend the County Board implement procedures to ensure all vendor disbursements are made after the work has been completed, and payments are recorded in the correct financial budget.

Rebate Policy

During our audit, we noted that two claims tested included \$6,382 in goods purchased from Menards for which the County was eligible for a rebate, as follows:

Claim Number	Purchase Amount	Estimated Rebate	Office
1804977	\$ 6,189	\$ 681	Highway
1902380	193	5	Extension
Totals	\$ 6,382	\$ 686	

The County did not have a policy governing the use of rebates on purchases made with County funds. As the rebates were not being tracked, the County was unable to provide documentation to verify rebates earned were used towards future County purchases.

A good internal control plan requires procedures to ensure rebates earned with County funds are tracked properly to ensure their use on future County purchases.

Without such procedures, there is a risk of loss, theft, or misuse of County funds.

We recommend the County implement procedures to ensure rebates earned with County funds are tracked properly. The County should consider the need to review Menards purchases in further detail to ensure all rebates received are appropriately used on a subsequent purchase.

County’s Response: The County Board will plan to implement a rebate policy in 2020 to ensure rebates earned with county funds will be properly tracked.

COUNTY CLERK OF THE DISTRICT COURT

Review of Case Balances

During the audit, we reviewed two financial reports of the District Court, and noted the following:

Monthly Case Balance Report

We tested 10 balances held by the District Court, and noted 6 of those balances, totaling \$6,043, did not have timely action taken to resolve the balance, as follows:

- For three balances held, totaling \$5,850, a motion to forfeit the bond was filed in November 2018; however, no order or other follow-up with the County Attorney or County Judge on this motion was noted.
- For two balances held, totaling \$150, the case was mandated in March 2018 and May 2019; however, the bond was still held during fieldwork in October 2019.
- For one balance held, totaling \$43, the balance was adjusted to Unclaimed Property; however, the defendant still owes the amount on the case. No follow-up action had been taken on this balance held since April 2018.

Overdue Case Balance Report

We tested 10 balances due to the District Court, and noted 7 of those balances, totaling \$7,188, did not have subsequent action taken by the District Court to ensure collection and/or resolution of the balances. For all balances, there had been no activity on the cases for multiple years. The last activity noted on these cases ranged from 1999 to 2009.

As of August 30, 2019, the report contained 531 overdue criminal case balances, totaling \$203,230. Only 13 of the cases noted had a current warrant or suspension issued.

Neb. Rev. Stat. § 24-345 (Reissue 2016) states the following:

All money, other than witness fees, fines, penalties, forfeitures and license money, that comes into the possession of the clerk of the district court for any county in the State of Nebraska by virtue of his or her office and remains in the custody of the clerk of the district court, uncalled for by the party or parties entitled to the money for a period of three years following the close of litigation in relation to the money, shall be remitted by the clerk of the district court to the State Treasurer on the first Tuesday in January, April, July, or October, respectively, following the expiration of the three-year period, for deposit in the Unclaimed Property Escheat Trust Fund pursuant to section 69-1317. Such payment shall release the bond of the clerk of the district court making such payment from all liability for the money so paid in compliance with this section.

Additionally, good internal controls and sound business practices require procedures to ensure that trust case balances and overdue amounts of the District Court are reviewed on an ongoing, timely basis to determine what action should be taken to collect, remit, and/or otherwise resolve those balances.

Without such procedures, there is an increased risk that balances may either not have proper follow-up action taken timely, or have been previously resolved and should no longer be reflected as a balance in the accounting system.

We recommend the District Court implement procedures for an ongoing, timely review of the monthly financial reports, including the Case Balance Report and the Overdue Case Account Report, to ensure the timely collection and/or resolution of the balances listed therein.

COUNTY DIVE TEAM

Bank Account Maintained

During the audit, we noted the Lincoln County Dive Team had a bank account for which donations were being accepted and payments made without County Board approval. During the year, we noted donations received, totaling \$6,795, and checks paid totaling \$5,970. As of June 30, 2019, the bank account had a balance of \$1,060. We further noted this bank account was created using the County's tax identification number, but had no County employees as authorized signers on the account. No activity reports were provided to the County Board or County Treasurer.

Neb. Rev. Stat. § 23-1601(1) (Reissue 2012) states the following:

It is the duty of the county treasurer to receive all money belonging to the county, from whatsoever source derived and by any method of payment provided by section 77-1702, and all other money which is by law directed to be paid to him or her. All money received by the county treasurer for the use of the county shall be paid out by him or her only on warrants issued by the county board according to law, except when special provision for payment of county money is otherwise made by law.

Neb. Rev. Stat. § 23-3106 (Reissue 2012) states the following, in relevant part:

The purchasing agent, under the supervision of the county board, or the county board, if there is no purchasing agent, shall purchase all personal property and services required by any office, officer, department, or agency of the county government in the county, subject to the County Purchasing Act.

Without procedures to ensure all purchases are made through the claim process, there is an increased risk for not only the loss, theft, or misuse of funds but also noncompliance with State statute.

We recommend the Lincoln County Dive Team implement procedures to ensure all funds received are remitted to the County Treasurer, and all purchases and expenditures are made through the claims process for inclusion in the County budget.

COUNTY SHERIFF

Accounting Procedures

During the audit, we noted several issues with the County Sheriff’s accounting procedures, as follows:

- A monthly asset-to-liability reconciliation was not performed for four of six bank accounts maintained by the County Sheriff, resulting in an unknown long in the following accounts:

Account	Overage Held
Fee Account	\$ 6,099
Civil Process Account	\$ 1,613
Inmate Account	\$ 21,879
Distress Warrant Account	\$ 23
Total	\$ 29,614

- A Balance Sheet Report was run from the County Sheriff’s Inmate Accounting System for June 30, 2019; however, the report did not appear accurate. For example, the report listed \$13,332 as being due to Lattice, the former inmate phone provider; however, based on a discussion with the County Sheriff’s Office, no amounts were actually owed to Lattice. Therefore, we were unable to rely on the Balance Sheet Report from the County Sheriff’s Inmate Accounting System to determine those to whom the balances in the account belonged.
- An accurate monthly bank reconciliation was not performed for the County Sheriff’s Inmate Fund bank account. While performing a bank reconciliation for June 30, 2019, we noted an unknown long of \$101 between the reconciled bank balance and the balance noted in the County Sheriff’s Inmate Accounting System. We also noted that, when the County Sheriff’s Office performed a bank reconciliation for June 30, 2019, and printed the Reconciliation Report from the accounting system, the report stated “Statement not Balanced.”
- The County Sheriff remitted fees collected to the County Treasurer, not fees earned as required by Neb. Rev. Stat. § 33-117(3) (Reissue 2016).

As referenced above, § 33-117(3) provides the following:

The sheriff shall, on the first Tuesday in January, April, July, and October of each year, make a report to the county board showing (a) the different items of fees, except mileage, collected or earned, from whom, at what time, and for what service, (b) the total amount of the fees collected or earned by the officer since the last report, and (c) the amount collected or earned for the current year. He or she shall pay all fees earned to the county treasurer who shall credit the fees to the general fund of the county.

Sound accounting practices and good internal controls require procedures to ensure adequate reconciliation and balancing methods are utilized, including procedures to ensure office assets (cash on hand, reconciled bank balance, accounts receivable, etc.) are in agreement with office liabilities (fee and trust accounts) on at least a monthly basis. Such procedures should also include the timely identification and resolution of all variances noted and the maintenance of proper documentation to support correct balances. Additionally, those same procedures should ensure that funds collected and earned by the Sheriff are remitted timely to the County Treasurer.

A lack of such procedures increases the risk of not only loss, theft, or misuse of County funds, allowing errors to go undetected more easily, but also noncompliance with State statute.

We recommend the County Sheriff implement monthly fund balancing procedures to ensure the performance of regular bank and asset-to-liability reconciliations. We further recommend the County Sheriff review all funds held and remit excess funds to the appropriate parties, and ensure all fees collected and earned are handled in accordance with State statute.

COUNTY TREASURER

Centrally Assessed Property Tax Credit Distribution

During testing, we noted that the distribution of the Centrally Assessed Personal Property Tax Credit was not calculated correctly for one subdivision. The error was due to the incorrect exclusion of the North Platte Airport Authority in the calculation.

The following table summarizes the variances for the payment of the tax loss reimbursement distribution.

Fund	Over (Under) Remittance
North Platte General	\$ 792
North Platte Bond	\$ 420
North Platte Police	\$ 57
North Platte Airport Authority General	\$ (1,070)
North Platte Airport Authority Bond	\$ (199)

Neb. Rev. Stat. § 77-1239(2) (Reissue 2018) states, in relevant part, the following:

Reimbursement of the tax revenue lost for public service entities shall be made to each county according to the certification and shall be distributed among the taxing subdivisions within each county in the same proportion as all public service entity taxes levied by the taxing subdivisions. Reimbursement of the tax revenue lost for railroads shall be made to each county according to the certification and shall be distributed among the taxing subdivisions within each county in the same proportion as all railroad taxes levied by taxing subdivisions.

When Personal Property Tax Credit distributions are calculated incorrectly, political subdivisions do not receive the appropriate amount of funding, increasing the risk for the loss or misuse of funds.

We recommend the County Treasurer correct the erroneous distributions. Additionally, we recommend the County Treasurer implement procedures to ensure future Personal Property Tax Credit distributions are calculated correctly.

Additionally, the following comments were reported in an attestation report issued by the Auditor of Public Accounts on July 15, 2019. Additional information for these comments can be located in that report, which is found on the APA website at: auditors.nebraska.gov.

ATTESTATION COMMENTS

Unreceipted Collections

Cash and checks on hand had not been receipted into the accounting records or deposited to the bank. There were 347 checks dated January 17, 2019, through May 10, 2019, totaling \$6,124,744, and 16 checks dated between May 11, 2019, and May 14, 2019, totaling \$11,456, that had not been receipted or deposited by May 15, 2019.

We recommend the County Treasurer implement procedures to ensure all money received is receipted and deposited timely so that it can be distributed in accordance with State statute and properly protected from loss or misuse. Those same procedures should ensure also that checks received are restrictively endorsed immediately to safeguard them from possible misappropriation.

Inaccurate Daily Balance Sheets and No Bank Reconciliations

The County's bank accounts had not been reconciled to the book balances, and financial activity had not been recorded to the correct accounts on the Daily Balance Sheets. The County did not maintain an accurate or complete check register. On May 1, 2019, a deposit of \$3,437,695 in bond proceeds was made for the County Road Fund; however, that amount was not receipted or recorded on any County records. Additionally, there were 22 deposits from the State and Federal government, totaling \$1,072,272, which had not been receipted or recorded in the County records. Numerous other reconciling issues were also noted.

We recommend the County Treasurer implement procedures to ensure financial transactions are recorded correctly on the Daily Balance Sheets, and bank balances are reconciled to book balances in a timely manner.

Tax Credit Money Not Distributed Correctly

The Tax Credit money received from the State was not distributed correctly to the political subdivisions of the County. The over and underpayments range from (\$29,843) to \$17,254 and affect 106 funds or entities.

We recommend the County Treasurer correct the errors noted with the Real Property Tax Credit distributions. Additionally, we recommend the County Treasurer implement procedures to ensure future such distributions are calculated correctly, per State statute, and excess amounts are properly refunded to the State.

Fines and License Money Not Distributed

The money received from the courts for fines and licenses was not distributed timely. For January through April 2019, there was \$139,022 that had not been distributed.

We recommend the County Treasurer implement procedures to ensure the proceeds from fines and licenses are distributed monthly to schools in accordance with State statute.

Pledged Collateral Documentation

The County lacked documentation to support that its bank deposits were adequately secured.

We recommend the County Treasurer monitor closely all of the County’s bank accounts to ensure that they are properly secured, by either sufficient FDIC coverage or adequate collateral, and documentation of such security is maintained.

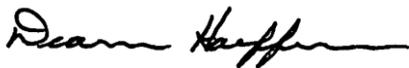
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It should be noted this report is critical in nature, as it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any strong features of the County.

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

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

Sincerely,



Deann Haeffner, CPA
Assistant Deputy Auditor