

**AUDIT REPORT
OF
LINCOLN COUNTY, NEBRASKA**

Year Ended June 30, 2009

**Donald D. Wilson, Certified Public Accountant
McCook, Nebraska**

**AUDIT REPORT
OF
LINCOLN COUNTY, NEBRASKA
Year Ended June 30, 2009**

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Year Ended June 30, 2009**

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INDEPENDENT AUDITOR'S REPORT

County Board of Commissioners
Lincoln County
North Platte, Nebraska 69101

Board Members:

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lincoln County, Nebraska as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County Board. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective cash balances of the governmental activities, each major fund, and the aggregate remaining fund information of Lincoln County, Nebraska as of June 30, 2009, and the respective changes in cash balances thereof for the year then ended in conformity with basis of accounting described in Note 1.

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

Independent Auditor's Report
Page 2

My audit was performed for the purpose of forming an opinion on the cash basis financial statements that collectively comprise Lincoln County's basic financial statements. The other supplementary information as listed in the financial section of the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the cash basis financial statements. Such information has been subjected to the auditing procedures applied in the audit of the respective financial statements, and in my opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 13, 2009 on my consideration of Lincoln County, Nebraska's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my 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. This report is an integral part of an audit conducted in accordance with *Government Auditing Standards*, and should be considered in assessing the results of my audit.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Donald D. Wilson, CPA
McCook, Nebraska

November 13, 2009

LINCOLN COUNTY, NEBRASKA MANAGEMENT DISCUSSION AND ANALYSIS

This section of Lincoln County's financial report presents a narrative overview and analysis of the financial activities of the County for the fiscal year ending June 30, 2009. Please read it in conjunction with the County's financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to Lincoln County's basic financial statements. The County's basic financial statements have three components: 1) government – wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains information in addition to the basic financial statements.

Government- Wide Financial Statements. The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis provide a broad overview of the County's overall financial status. Over time, increases or decreases in the County's net assets are one indicator of whether its financial health is improving or deteriorating. The County's financial statements are prepared on the cash basis of accounting and do not include capital assets, or accounts receivable and payable, which would need to be considered to assess the financial health of the County. Non-financial factors also need to be considered to assess the overall health of the County. Government-wide financial statements divide the County into two kinds of activities:

Governmental Activities – The County's basic service are included here. These activities are generally financed through taxes, charges for services, and State and Federal grants/contributions.

Component Units – No component units for the County were identified.

Fund Financial Statements. Fund financial statements focus on the individual parts of the County, reporting the County's operations in more detail than the government-wide statements by providing information about the County's most significant "major" funds. Funds are accounting devices used to keep track of specific sources of funding and spending for particular purposes.

The governmental funds statements tell how general governmental activities were financed in the short term as well as what remains for future spending.

Fiduciary funds statements provide information about financial relationships in which the County acts solely as a trustee or agent for the benefit of others. Fiduciary funds are not included on the government-wide statements.

Notes to the Financial Statements. The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide essential information necessary for fair presentation of the financial statements.

Supplementary Information. This Management Discussion and Analysis and the Budgetary Comparison Schedules represent financial information which provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes. This report also includes optional financial information such as combining statements for non-major funds (which are shown in the fund financial statements in a single column), budgetary comparison information for non-major funds, a schedule of office activities, and a schedule of taxes certified and collected for political subdivisions in the County. This information is provided to address specific needs of various users of the report.

BASIS OF ACCOUNTING

The County’s financial statements are presented on the cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing of recognizing revenues, expenses, and related assets and liabilities. Under the cash basis of accounting, receipts and disbursements and related assets and liabilities are recorded when they result from cash transactions.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for good or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Also, capital assets (land, buildings, furniture, equipment and infrastructure) and the related depreciation are not recorded. Therefore, when reviewing the financial information and discussion within this report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

GOVERNMENT –WIDE FINANCIAL ANALYSIS

Changes in Net Assets:

For the fiscal year ended June 30, 2009, net assets of the county increased 239%.

	<u>2008</u>	<u>2009</u>
Restricted	\$ 528,001	\$14,539,385
Unrestricted	5,467,491	5,765,327
Total Net Assets	<hr/> 5,995,492	<hr/> 20,304,712

Governmental Activities:

Receipts for the County's governmental activities decreased 2%, and disbursements increased 5%.

	<u>2008</u>	<u>2009</u>	<u>Percent Change</u>
RECEIPTS:			
Property Taxes	\$7,616,132	8,069,969	6%
Motor Vehicle Tax	1,169,261	1,162,310	-1%
Federal Grants	832,969	670,263	-25%
Intergovernmental Receipts	3,378,655	3,640,672	8%
Inheritance Tax	1,191,035	409,275	-66%
Interest	346,922	276,890	-20%
Charges for Services	1,774,963	1,733,397	-2%
Miscellaneous	68,562	25,614	-63%
Total Cash Receipts:	<u>16,378,499</u>	<u>15,998,390</u>	<u>-2%</u>
DISBURSEMENTS:			
General Government	\$4,812,082	4,999,816	4%
Public Safety	4,446,090	4,589,469	3%
Public Works	5,623,172	5,130,877	-9%
Public Health	47,446	49,177	4%
Public Assistance	308,554	304,622	-1%
Culture & Recreation	357,326	398,322	11%
Capital Outlay	56,511	1,270,750	2249%
Debt Service:	334,427	0	-100%
Total Disbursements	<u>15,985,608</u>	<u>16,743,033</u>	<u>5%</u>
Bond Issuance Proceeds	0	15,063,386	100%
Increase (Decrease) in Net Assets	392,891	14,308,743	3642%
Net Assets Beginning of Year	<u>5,603,078</u>	<u>5,995,969</u>	<u>7%</u>
Net Assets End of Year	5,995,969	20,304,712	239%

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Certain funds experienced noteworthy changes from the prior year and are highlighted as follows:

** The dramatic percentage increases in assets and capital outlay disbursements is due to the construction of a new Sheriff's Office and Detention Center. The sale of bonds to finance the project was approved by the voters of Lincoln County at the General Election in 2008.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final budget can be summarized as follows:

** The budget was amended to allow expenditures for the construction of a county jail facility. Funds for the construction will be provided by the sale of bonds as approved by the voters of Lincoln County.

CAPITAL ASSET

As noted earlier, the financial statements are presented on the cash basis of accounting and therefore do not include capital assets.

LONG TERM COMMITMENTS:

Following is a description of long-term commitments activity during the year:

1. Road Equipment lease in the amount of \$171,244.49 remaining as of June 30, 2009.
2. Jail Bond principal in the amount of \$15,230,000 as of June 30, 2009.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Describe any currently known facts or conditions expected to have a significant effect on net assets or receipts, disbursements, changes in net assets, budget and tax levies:

Insurance rates are expected to increase again in the health insurance line item. This is an item over which the county has no control and would anticipate increases in the next budget year. Lincoln County has tried to be proactive and as July 1, 2009 has changed to a \$1500 deductible with the county self-funding the difference in the deductible for the employees. Lincoln County has contracted with a third party administrator to facilitate the program. We anticipate savings by having a lower premium and not all employees meeting the deductible amount.

Insurance rates for liability, motor vehicles and workmen's compensation are also anticipated to increase.

Lincoln County is beginning construction of our new Sheriff's Office and Detention Center and these costs will have a large impact on the financial statements for the next year.

Declining interest rates have had an adverse effect on the interest earned by the County.

The economy of the nation may have an adverse effect on property tax collections and property valuations.

LINCOLN COUNTY, NEBRASKA
STATEMENT OF NET ASSETS - CASH BASIS
June 30, 2009

EXHIBIT A

PRIMARY
GOVERNMENT
 GOVERNMENTAL
ACTIVITIES

ASSETS

Pooled Cash and Cash Equivalents	5,453,945
Designated Investments	<u>14,850,767</u>
Total Assets	<u>20,304,712</u>

NET ASSETS

Restricted for:	
Jail Bond	443,185
Jail Building	13,513,116
Visitor's Promotion/Improvement	281,084
Keno Lottery	302,000
Unrestricted	<u>5,765,327</u>
Total Net Assets	<u><u>20,304,712</u></u>

The Notes to the Financial Statements are an Integral Part of this Statement

LINCOLN COUNTY, NEBRASKA
STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED June 30, 2009

Exhibit B

	Program Cash Receipts			Net (Disbursements) Receipt and Changes in Net Assets Governmental Activities	
	Cash Disbursements	Fees, Fines, and Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental Activities:					
General Government	4,999,816	1,231,826	284,288	(3,483,702)	
Public Safety	4,589,469	371,797	419,506	(3,688,118)	
Public Works	5,130,877	128,874	218,296	(4,783,707)	
Public Health	49,177			(49,177)	
Public Assistance	304,622	44,027		(260,595)	
Culture and Recreation	398,322		23,860	(374,462)	
Capital Outlay	1,270,750			(1,270,750)	
Debt Service				0	
Total Governmental Activities	16,743,033	1,776,524	945,950	110,048	(13,910,511)
General Receipts:					
Taxes:					
Property taxes, levied for general purposes				7,915,480	
Property taxes, levied for public works				21,412	
Property taxes, levied for public assistance				68,755	
Property taxes, levied for culture and recreation				5	
Property taxes, levied for capital outlay				63,686	
Property taxes, levied for debt service				631	
Motor Vehicle Tax				1,162,310	
Intergovernmental				3,211,810	
Inheritance Tax				409,275	
Interest				276,890	
Miscellaneous				25,614	
Total General Receipts				13,155,868	
Bond Issuance Proceeds				15,063,386	
Changes in Net Assets				14,308,743	
Net assets - Beginning of Year				5,995,969	
Net assets - End of Year				20,304,712	

The Notes to the Financial Statements are an Integral Part of this Statement

LINCOLN COUNTY, NEBRASKA

BALANCE SHEET - CASH BASIS
GOVERNMENTAL FUNDS

June 30, 2009

EXHIBIT C

	General	Road	Inheritance Tax	Jail Building	Other Governmental Funds	Total
ASSETS						
Equity in Pooled Cash and Cash Equivalents	2,479,958	114,893	2,185,822		673,272	5,453,945
Designated Investments				13,513,116	1,337,651	14,850,767
Total Assets	<u>2,479,958</u>	<u>114,893</u>	<u>2,185,822</u>	<u>13,513,116</u>	<u>2,010,923</u>	<u>20,304,712</u>
FUND BALANCES:						
Reserved for Debt Service				13,513,116	443,185	13,956,301
Unreserved	2,479,958	114,893	2,185,822		600,999	5,381,672
Unreserved, reported in nonmajor: Special Revenue Funds					966,739	966,739
Total Fund Balances	<u>2,479,958</u>	<u>114,893</u>	<u>2,185,822</u>	<u>13,513,116</u>	<u>2,010,923</u>	<u>20,304,712</u>

The Notes to the Financial Statements are an Integral Part of this Statement

LINCOLN COUNTY, NEBRASKA

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED June 30, 2009

EXHIBIT D

	Special Revenue			Capital Project	NonMajor Governmental Funds	Total Governmental Funds
	General	Road	Inheritance Tax	Jail Building		
CASH RECEIPTS						
Property Taxes	7,913,810				156,159	8,069,969
Motor Vehicle Tax	1,162,310					1,162,310
Federal Grants	413,850	218,296			38,117	670,263
Intergovernmental	684,739	2,374,618			538,188	3,597,545
Inheritance Tax			409,275			409,275
Charges for Services	1,555,047	777			220,700	1,776,524
Interest	220,807			41,914	14,169	276,890
Miscellaneous	12,125	1,965			11,524	25,614
Total Cash Receipts	11,962,688	2,595,656	409,275	41,914	978,857	15,988,390
CASH DISBURSEMENTS						
General Government	4,999,816					4,999,816
Public Safety	4,498,394				91,075	4,589,469
Public Works	110,653	4,610,284			409,940	5,130,877
Public Health	49,177					49,177
Public Assistance	199,725				104,897	304,622
Culture and Recreation	34,968				363,354	398,322
Capital Outlay				1,151,184	119,566	1,270,750
Debt Service						
Principal Retirement						0
Interest						0
Total Cash Disbursements	9,892,733	4,610,284	0	1,151,184	1,088,832	16,743,033
Excess of Cash Receipts Over (Under) Cash Disbursements	2,069,955	(2,014,628)	409,275	(1,109,270)	(109,975)	(754,643)
OTHER FINANCING SOURCES (USES)						
Bond Issuance Proceeds				14,622,386	441,000	15,063,386
Transfers In	177,048	1,917,000			390,146	2,484,194
Transfers (Out)	(2,247,146)		(60,000)		(177,048)	(2,484,194)
Total Other Financing Sources (Uses)	(2,070,098)	1,917,000	(60,000)	14,622,386	654,098	15,063,386
Net Change in Fund Balances	(143)	(97,628)	349,275	13,513,116	544,123	14,308,743
Fund Balances, Beginning of Year	2,480,101	212,521	1,836,547	0	1,466,800	5,995,969
Fund Balances, End of Year	2,479,958	114,893	2,185,822	13,513,116	2,010,923	20,304,712

The Notes to the Financial Statements are an Integral Part of this Statement

LINCOLN COUNTY, NEBRASKA

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - CASH BASIS

AGENCY FUNDS

Year Ended June 30, 2009

EXHIBIT E

	Balance July 1, 2008	Receipts	Disbursements	Balance June 30, 2009
ASSETS				
Equity in Pooled Cash and Cash Equivalents	4,963,702	56,201,494	56,364,052	4,801,144
Total Assets	4,963,702	56,201,494	56,364,052	4,801,144
LIABILITIES				
State	549,084	5,931,213	5,953,219	527,078
Schools	2,893,488	34,272,019	34,638,819	2,526,688
Educational Service Units	5,481	397,831	397,863	5,449
Community College	30,041	2,274,856	2,234,561	70,336
Natural Resource Districts	10,723	1,017,896	1,016,157	12,462
Cemetery Districts	28,979	52,823	27,030	54,772
Fire Districts	5,462	483,931	483,921	5,472
Hospital Districts	92,873	36,524	125,513	3,884
Drainage Districts	8,814	20,007	26,298	2,523
Irrigation Districts	36,847	267,356	277,151	27,052
Municipalities	1,175,982	6,709,489	6,443,471	1,442,000
Agricultural Society	3,219	228,460	228,595	3,084
Airport Authority	15,407	866,699	866,539	15,567
Partial Payments	8,492	57,966	13,737	52,721
Tax Increment Financing	71,320	1,327,886	1,347,150	52,056
Property Tax Credit	27,490	2,256,538	2,284,028	0
Total Liabilities	4,963,702	56,201,494	56,364,052	4,801,144
NET ASSETS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

The Notes to the Financial Statements are an Integral Part of this Statement

LINCOLN COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant accounting policies and procedures adopted by Lincoln County, Nebraska:

A. Reporting Entity:

A Reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the county are not misleading. The County, for financial purposes, includes all of the funds relevant to the operation of Lincoln County. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from Lincoln County. The financial statements of the County include those of separately administered organizations that are controlled by, or dependent on, the County. Control or dependence is determined on the criteria of 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 benefits to or impose specific financial burdens on the county.

Other individual County offices maintain accounting records and account for monies received and disbursed directly by these offices. Only that portion of these monies which is subsequently receipted by the County Treasurer is reflected in the County's financial statements. Accountabilities of the monies for the various other offices of the county is presented on Schedule 8 of this report.

B. Basis of Presentation:

Government-wide Financial Statements:

The Statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government.

The statement of net assets presents the county's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in two categories:

Restricted Net Assets – result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The amount of restricted net assets was \$14,539,385 as of June 30, 2009.

Unrestricted Net Assets– have constraints on resources that are imposed by management, but can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function.

LINCOLN COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the Year Ended June 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued):

Government-wide Financial Statements (Concluded):

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contribution that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

During the year, the county segregates transactions related to certain county functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the county at this more detailed level. The county uses two categories of funds, governmental and fiduciary. The focus of governmental fund financial statements is on the major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

The following are Lincoln County's major governmental funds:

General Fund:

The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the county for any purpose provided it is expended or transferred according to the general laws of Nebraska.

Road Fund (Special Revenue):

The Road Fund is used to account for revenues and expenditures for necessary road and bridge construction and improvements in accordance with Nebraska State Statute.

Inheritance Tax (Special Revenue):

The Inheritance Tax Fund is used to account for inheritance tax collected in accordance with Nebraska State Statute. The fund balance is available to the county for any purpose.

Jail Building (Capital Project):

The Jail Building Fund is used to account for the proceeds of a bond issuance, and the expenditure of such funds for the purpose of constructing a new jail.

Fiduciary Funds:

Fiduciary fund reporting focuses on net assets and changes in net assets. The County's only fiduciary funds are agency funds. The agency funds account for assets held by the County for political subdivisions in which the county acts as a fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

LINCOLN COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the Year Ended June 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Basis of Presentation (Concluded):

Reservation of Fund Balance:

Reservations of fund balances are reported for amounts that are not available for appropriations or are legally restricted by outside parties for use for a specific purpose.

C. Basis of Accounting:

The funds of the County and the financial statements have been prepared on the cash receipts and disbursements basis of accounting. Revenues are taken into account only when received by the county and expenditures are recorded when warrants are issued. This differs from generally accepted accounting principles, which require governmental fund accounting to follow the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become susceptible to accrual and obligations are generally recognized when they are incurred.

D. Capital Assets:

Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, culverts, and similar items which are immovable and of value only to the government), are not reported in the governmental activities column in the government-wide statement of net assets. The capital assets acquisitions are reflected as expenditures in governmental funds, and not capitalized.

E. Revenue Recognition – Property Taxes:

Property taxes are levied by October 15 based on valuations as of April 1. Real Estate taxes become due and attach as an enforceable lien on property as of December 31. Real Estate and Personal Property taxes are payable in two installments and become delinquent on May 1 and September 1, following the levy date. 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, except that \$.05 of \$100 of taxable valuation of property subject to the levy may only be levied to provide financing for the County's share of revenue required under an agreement executed pursuant to the Inter-local Cooperation act. The County may allocate up to fifteen cents of its authority to other political subdivisions including: Fire Districts, Cemetery Districts, and a Historical Society. The County may levy taxes in addition to the .50-cent limitation upon a vote of the people.

The levy set in October, 2008 for 2008 taxes which will be materially collected in May and September, 2009, was set at \$.305920/\$100 of assessed valuation. Assessed valuation for Lincoln County for the 2008 tax levy was \$2,715,094,898.

LINCOLN COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the Year Ended June 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED):

E. Revenue Recognition – Property Taxes (Concluded):

Additionally, there is currently a legislatively imposed lid limitation, which limits taxation to the prior year's level, with provisions for growth and the reduction of state aid. It may be increased by 2.5%, plus allowable growth, and an additional 1% by a three-fourths majority of the County Board, or to any level by a vote of the people in the county.

NOTE 2: CASH AND POOLED INVESTMENTS:

The County Treasurer has generally pooled the cash resources of the various funds for investment purposes. Cash and cash equivalents are considered to be cash on hand and demand deposits. Interest earned on pooled funds is credited to the County General Fund in accordance with Section 77-2315, R.R.S. 1943. Investments made specifically from and for a particular fund are summarized as "Designated Investments". Interest on these investments is credited to the fund from which the investment is made, also in accordance with the above-cited statute.

The types of investments the County is authorized to invest funds in are enumerated in State Statutes and generally include U.S. government obligations, certificates of deposit, time deposits and securities in which the state investment officer is authorized to invest. As defined by Governmental Accounting Standards Board Statement #3, the County had no investments as of June 30, 2009.

Lincoln County is a participant in an external investment pool, the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a separate legal and administrative entity organized and existing pursuant to the Inter-Local Cooperation Act and other Nebraska law. NPAIT was established as of July 11, 1996, by the adoption of an Inter-Local Agreement and Declaration of Trust by the Initial Participants and Settlers. The County Treasurer had \$12,453,862 invested with NPAIT as of June 30, 2009. Securities held by NPAIT are not held in the County's name.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government policy requires pledged securities to be at least 120% of the amount of deposits over and above the amounts insured by the FDIC. State law restricts the type of collateral securities allowed. The deposits for Lincoln County as of June 30, 2009 were entirely covered by federal depository insurance or by collateral securities pledged to the County Treasurer and held by the safekeeping department of the depository's correspondent bank.

LINCOLN COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT - CONTINUED
For the Year Ended June 30, 2009

NOTE 3: INTERFUND TRANSFERS:

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

<u>Transfers To</u>	<u>Transfers From</u>	<u>Amount</u>
Road	General	1,917,000
Noxious Weed	General	182,000
Special Road	General	148,146
Institutions	Inheritance	40,000
Juvenile Facility	Inheritance	20,000
General	Road Bond	148,146
General	Victims Assistance	28,893
General	Community Grant Fund	9

Transfers generally move resources from the General Fund, statutorily required to collect the resources, to the fund statutorily required to expend the resources. Transfers from the Inheritance Tax move reserve funds over to other funds as needed. The transfers to the General Fund closed those respective funds.

NOTE 4: RETIREMENT PROGRAM:

The Retirement Program for Nebraska Counties is a multiple-employer cash balance benefit plan or a defined contribution plan administered by the Nebraska Public Employees Retirement Board (NPERB) in accordance with the provisions of the County Employees Retirement Act beginning at State Statute Section 23-2301.

Each member who is employed and participating in the retirement system prior to January 1, 2003, may either elect to continue participation in the defined contribution benefit plan or elect to participate in the cash balance benefit plan. All new members as of January 1, 2003 will participate in the cash balance benefit plan. In a cash balance benefit plan, benefits depend on amounts contributed to the plan plus interest credits. In a defined contribution plan, benefits depend on amounts contributed to the plan plus investment earnings. All elected officials and full-time employees who have attained the age of twenty will begin immediate plan participation upon hire. Permanently employed part-time employees may exercise the option to begin immediate participation. Employees contribute 4.5% of their salary and the county match is 6.75% of the salary. Commissioned law enforcement personnel employed by the county contribute 5.5% of their salary and the county match is 7.75% of the salary. The employee and employer's contributions are kept in separate accounts. The employer's account is fully vested. The employee's account is vested 100% after three years participation in the plan. Prior service benefits are paid directly by the County to the retired employee. The county's contributions to NPERB for the years ended June 30, 2009, 2008, and 2007 were \$428,354, \$415,453, and \$378,029, respectively. Prior service benefit paid was \$4,051, \$4,327, and \$4,244, for the three fiscal years.

LINCOLN COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT - CONTINUED

For the Year Ended June 30, 2009

NOTE 5: CHANGES IN LONG-TERM COMMITMENTS:

The following is a summary of changes in long-term commitments of the County for the year ended June 30, 2009:

	Balance July 1, 2008	Additions	Retirements	Balance June 30, 2009
<u>Bonds:</u>				
Jail Building	0	15,230,000		15,230,000
<u>Lease Purchase Agreements:</u>				
Road Equipment	334,091	0	162,866	171,225
Total	334,091	15,230,000	162,866	15,401,225

A summary of the annual requirements to service the bonds as of June 30, 2009, is as follows:

Year Ended	2008/2009 Jail Bond Series		
	Principal	Interest	Total
June 30, 2010		769,711	769,711
June 30, 2011	535,000	643,448	1,178,448
June 30, 2012	545,000	631,549	1,176,549
June 30, 2013	560,000	617,680	1,177,680
June 30, 2014	575,000	602,023	1,177,023
June 30, 2015	590,000	584,338	1,174,338
June 30, 2016-2020	3,285,000	2,574,493	5,859,493
June 30, 2021-2025	4,030,000	1,793,210	5,823,210
June 30, 2026-2030	5,110,000	683,129	5,793,129
Total	15,230,000	8,899,581	24,129,581

Jail Bond 2008 Series:

Due serially in annual principal payments of \$195,000 to \$460,000, plus interest at 3.25% to 5.4%. These are General Obligation Bonds issued December 30, 2008 in the amount of \$6,000,000 to construct a sheriff's office, county jail facilities, and acquire real estate. Bonds maturing on and after December 15, 2014, are subject to optional redemption prior to maturity, in any order of maturity, in integral multiples of \$5,000. Interest on the Bonds at the respective rates for each maturity is payable semiannually June 15 and December 15 of each year.

LINCOLN COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENT - CONTINUED
For the Year Ended June 30, 2009

NOTE 5: CHANGES IN LONG-TERM COMMITMENTS (CONCLUDED):

Jail Bond 2009 Series:

Due serially in annual principal payments of \$340,000 to \$665,000, plus interest at 1.30% to 5.00%. These are General Obligation Bonds issued June 25, 2009 in the amount of \$9,230,000 to construct a sheriff's office, county jail facilities, and acquire real estate. Bonds maturing on and after December 15, 2014, are subject to optional redemption prior to maturity, in any order of maturity, in integral multiples of \$5,000. Interest on the Bonds at the respective rates for each maturity is payable semiannually June 15 and December 15 of each year.

The Jail Bond Series 2008/2009 are a general obligation of Lincoln County. The county agrees that it will annually levy a tax on all taxable property, which may exceed the constitutional limitation, sufficient to pay the interest and principal of this bond.

A summary of the requirements for commitments under lease agreements provides for annual payments as follows:

Year Ended	Road Equipment		
	Principal	Interest	Total
June 30, 2010	171,225	4,859	176,084
Total	171,225	4,859	176,084

Road Equipment Lease:

The County entered into a lease purchase agreement with First National Bank of North Platte for the purchase of motor graders, trailers, and tractors. Payments are due in semiannual payments of \$88,042, with interest at 3.0%. Final payment is due July 10, 2010.

NOTE 6: FEDERALLY ASSISTED PROGRAMS:

The County receives substantial grants from the federal and state governments, all of which are subject to audit by the respective governments. Subsequent audits may disallow expenditures financed by governmental grant programs, although past audits have resulted in no violations of grant regulations and no requests for reimbursement. It is the opinion of management that requests for reimbursement, if any, by either the federal or state governments based on subsequent audits will not be material in relation to the County's financial statements as of June 30, 2009.

NOTE 7: RELATED PARTY TRANSACTIONS:

There were no related party transactions having a material effect on the financial statements for the year ended June 30, 2009.

LINCOLN COUNTY, NEBRASKA

**NOTES TO FINANCIAL STATEMENT - CONCLUDED
For the Year Ended June 30, 2009**

NOTE 8: ACCUMULATED COMPENSATED ABSENCES:

It is the County's Policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave. Upon separation from the County's service, the accumulated vacation would be paid but the sick leave would be forfeited. The cost of vacation and sick leave are recognized when payments are made to the individual.

NOTE 9: JOINT VENTURE:

Lincoln County has entered into an agreement with the other counties in Region II in conjunction with the Nebraska Department of Public Institutions to provide services to carry out the provisions of the alcoholism and drug abuse services and the Developmental Disabilities Services Act (Acts). Region II 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 boards for Region II services are established by Statute and the agreements and include representatives from the participating county boards. Funding is provided by a combination of federal, state, local, and private funding. Lincoln County contributed \$140,085 toward the operation of Region II during fiscal year 2009. The Nebraska Department of Public Institutions requires the Region to be audited annually in accordance with State Statute. Financial information for the Region is available in that audit report.

NOTE 10: COUNTY INSURANCE:

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 offset these certain risks. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

LINCOLN COUNTY, NEBRASKA

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2009

EXHIBIT F

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CASH RECEIPTS:				
Taxes	8,760,926	8,760,926	9,076,120	315,194
Federal	642,000	642,000	413,850	(228,150)
State	313,275	313,275	697,692	384,417
Local	2,169,481	2,169,481	1,775,026	(394,455)
Total Cash Receipts	11,885,682	11,885,682	11,962,688	77,006
CASH DISBURSEMENTS:				
General Government:				
Board of Commissioners	105,950	105,950	102,482	3,468
Clerk	268,255	268,255	240,859	27,396
Treasurer	414,900	414,900	405,057	9,843
Register of Deeds	148,165	148,165	145,862	2,303
Assessor	497,715	497,715	457,270	40,445
Planning Commission	28,470	28,470	26,883	1,587
Data Processing	68,650	68,650	68,474	176
Adv., Insurance and Bonds	1,172,200	1,196,240	1,194,704	1,536
Federal Payroll Tax	357,000	357,000	344,262	12,738
Clerk of the District Court	274,220	274,220	268,115	6,105
County Court System	40,900	40,900	40,528	372
District Court	48,905	48,905	48,269	636
Public Defender	420,190	420,190	413,581	6,609
Building and Grounds	349,675	349,675	319,299	30,376
Extension Office	153,595	153,595	153,590	5
Photostat Department	60,150	60,150	49,342	10,808
Retirement	357,500	357,500	332,709	24,791
Unemployment	13,000	13,000	2,137	10,863
Miscellaneous	619,940	595,900	386,393	209,507
Total General Government	5,399,380	5,399,380	4,999,816	399,564
Public Safety:				
Sheriff	1,967,800	1,967,800	1,845,784	122,016
Attorney	539,190	539,190	475,099	64,091
Communication Center	129,055	129,055	115,389	13,666
Merit Commission	1,500	1,500	32	1,468
Child Support	245,085	245,085	193,140	51,945
Jail	1,298,900	1,298,900	1,127,616	171,284
Jail Project Coordinator	45,250	45,250	13,785	31,465
Probation Office	90,500	90,500	85,360	5,140
Mutual Fire Organization	300,000	300,000	300,000	0
Emergency Management	405,815	405,815	129,114	276,701
Dive & Rescue Team	27,200	27,200	23,825	3,375
Miscellaneous	218,235	218,235	189,250	28,985
Total Public Safety	5,268,530	5,268,530	4,498,394	770,136
Public Works:				
Surveyor	94,820	94,820	89,857	4,963
Miscellaneous	20,800	20,800	20,796	4
Total Public Works	115,620	115,620	110,653	4,967

LINCOLN COUNTY, NEBRASKA

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2009

EXHIBIT F
CONCLUDED

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CASH DISBURSEMENTS, CONCLUDED:				
Public Health:				
Miscellaneous	49,180	49,180	49,177	3
Total Public Health	49,180	49,180	49,177	3
Public Assistance:				
Relief	177,000	177,000	120,358	56,642
Veteran's Service Officer	65,725	65,725	65,667	58
Miscellaneous	13,700	13,700	13,700	0
Total Public Assistance	256,425	256,425	199,725	56,700
Culture and Recreation:				
Miscellaneous	34,970	34,970	34,968	2
Total Culture and Recreation	34,970	34,970	34,968	2
Total Cash Disbursements	11,124,105	11,124,105	9,892,733	1,231,372
Excess of Cash Receipts Over (Under) Cash Disbursements	761,577	761,577	2,069,955	1,308,378
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	192,468	192,468	177,048	(15,420)
Operating Transfers (Out)	(2,309,146)	(2,309,146)	(2,247,146)	62,000
Total Other Financing Sources (Uses)	(2,116,678)	(2,116,678)	(2,070,098)	46,580
Net Change in Fund Balance	(1,355,101)	(1,355,101)	(143)	1,354,958
Fund Balance, Beginning of Year	2,480,101	2,480,101	2,480,101	0
Fund Balance, End of Year	1,125,000	1,125,000	2,479,958	1,354,958

See Accompanying Notes to Budgetary Reporting

LINCOLN COUNTY, NEBRASKA

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL
ROAD FUND

For the Year Ended June 30, 2009

EXHIBIT G

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CASH RECEIPTS:				
Federal	0	0	218,296	218,296
State	2,344,553	2,344,553	2,374,511	29,958
Local	38,606	38,606	2,849	(35,757)
Total Cash Receipts	<u>2,383,159</u>	<u>2,383,159</u>	<u>2,595,656</u>	<u>212,497</u>
CASH DISBURSEMENTS:				
Public Works:				
Road Department	<u>4,942,680</u>	<u>4,942,680</u>	<u>4,610,284</u>	<u>332,396</u>
Total Cash Disbursements	<u>4,942,680</u>	<u>4,942,680</u>	<u>4,610,284</u>	<u>332,396</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	<u>(2,559,521)</u>	<u>(2,559,521)</u>	<u>(2,014,628)</u>	<u>544,893</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	2,447,000	2,447,000	1,917,000	(530,000)
Operating Transfers (Out)				
Total Other Financing Sources (Uses)	<u>2,447,000</u>	<u>2,447,000</u>	<u>1,917,000</u>	<u>(530,000)</u>
Net Change in Fund Balance	(112,521)	(112,521)	(97,628)	14,893
Fund Balance, Beginning of Year	<u>212,521</u>	<u>212,521</u>	<u>212,521</u>	
Fund Balance, End of Year	<u>100,000</u>	<u>100,000</u>	<u>114,893</u>	<u>14,893</u>

See Accompanying Notes to Budgetary Reporting

LINCOLN COUNTY, NEBRASKA

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL
INHERITANCE TAX

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CASH RECEIPTS:				
Local	7,453	7,453	409,275	401,822
Total Cash Receipts	7,453	7,453	409,275	401,822
CASH DISBURSEMENTS:				
General Government	640,000	640,000		640,000
Public Safety				0
Total Cash Disbursements	640,000	640,000	0	640,000
Excess of Cash Receipts Over (Under) Cash Disbursements	(632,547)	(632,547)	409,275	1,041,822
OTHER FINANCING SOURCES (USES)				
Operating Transfers In				
Operating Transfers (Out)	(590,000)	(590,000)	(60,000)	530,000
Total Other Financing Sources (Uses)	(590,000)	(590,000)	(60,000)	530,000
Net Change in Fund Balance	(1,222,547)	(1,222,547)	349,275	1,571,822
Fund Balance, Beginning of Year	1,836,547	1,836,547	1,836,547	0
Fund Balance, End of Year	614,000	614,000	2,185,822	1,571,822

See Accompanying Notes to Budgetary Reporting

LINCOLN COUNTY, NEBRASKA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING**

For the Year Ended June 30, 2009

NOTE 1: GAAP REQUIREMENTS:

Generally Accepted Accounting Principles (GAAP) requires budgetary comparison schedules for the General Fund, and for each major special revenue funds that have a legally adopted annual budget. GAAP further requires the budgetary comparison schedules to include the original budget and final budget amounts. The original budget is the first complete appropriated budget adjusted by reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes before the beginning of the fiscal year. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year as approved by the County Board.

NOTE 2: BUDGET POLICY:

The County follows these procedures in establish the budgetary data reflected in the schedules in accordance with the statutory requirements of the Nebraska Budget Act.

On or before August 1 the finance committee or other designated budget-making authority prepares and transmits a budget for each County fund showing the requirements, the outstanding warrants, the operating reserve to be maintained, the cash on hand at the close of the preceding fiscal year, the revenue from sources other than taxation, and the amount to be raised by taxation. The budget, like the County financial statements, is prepared on the cash receipts and disbursements basis of accounting. The budget contains only those revenues, which have actually been received by the County Treasurer.

The County Board must hold at least one public hearing. Prior to September 20, after the action of the State Board of Equalization and Assessment has been certified to the County Clerk, the budget, as revised, is adopted and the amounts provided therein are appropriated.

The County Board is authorized to transfer budgeted amounts between departments within any fund through resolution; however, revisions that alter the total expenditures of any fund require that an additional public hearing be held. Appropriations lapse at year-end.

NOTE 3: AMENDED BUDGETS:

The Adv., Insurance and Bonds budget within the general fund was properly amended per state statute by transferring \$24,040 budget authority from miscellaneous general.

LINCOLN COUNTY, NEBRASKA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2009

SCHEDULE 1

	<u>Special Revenue Funds (Schedule 3)</u>	<u>Capital Project Fund Courthouse Building</u>	<u>Debt Service Fund (Schedule 4)</u>	<u>Total Nonmajor Governmental Funds (Exhibit C)</u>
ASSETS				
Equity in Pooled Cash and Cash Equivalents	672,125	1,138	9	673,272
Designated Investments	<u>294,614</u>	<u>595,278</u>	<u>447,759</u>	<u>1,337,651</u>
Total Assets	<u><u>966,739</u></u>	<u><u>596,416</u></u>	<u><u>447,768</u></u>	<u><u>2,010,923</u></u>
FUND BALANCES:				
Reserved			443,185	443,185
Unreserved	<u>966,739</u>	<u>596,416</u>	<u>4,583</u>	<u>1,567,738</u>
Total Fund Balances	<u><u>966,739</u></u>	<u><u>596,416</u></u>	<u><u>447,768</u></u>	<u><u>2,010,923</u></u>

LINCOLN COUNTY, NEBRASKA

COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED June 30, 2009

SCHEDULE 2

	Special Revenue Funds (Schedule 5)	Debt Service Fund (Schedule 6)	Capital Project Fund Courthouse Building	Total Nonmajor Governmental Funds (Exhibit D)
CASH RECEIPTS				
Property Taxes	91,842	631	63,686	156,159
Federal Grants	38,117			38,117
Intergovernmental	536,957		1,231	538,188
Charges for Services	220,700			220,700
Interest	3,005	4,137	7,027	14,169
Miscellaneous	11,476		48	11,524
Total Cash Receipts	902,097	4,768	71,992	978,857
CASH DISBURSEMENTS				
Public Safety	91,075			91,075
Public Works	409,940			409,940
Public Assistance	104,897			104,897
Culture and Recreation	363,354			363,354
Capital Outlay			119,566	119,566
Debt Service:				
Principal Retirement				
Interest				
Total Cash Disbursements	969,266	0	119,566	1,088,832
Excess of Cash Receipts Over (Under) Cash Disbursements	(67,169)	4,768	(47,574)	(109,975)
OTHER FINANCING SOURCES (USES)				
Bond Issuance Proceeds		441,000		441,000
Transfers In	390,146			390,146
Transfers Out	(28,902)	(148,146)		(177,048)
Total Other Financing Sources (Uses)	361,244	292,854	0	654,098
Net Change in Fund Balances	294,075	297,622	(47,574)	544,123
Fund Balances, Beginning of Year	672,664	150,146	643,990	1,466,800
Fund Balances, End of Year	966,739	447,768	596,416	2,010,923

LINCOLN COUNTY

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

June 30, 2009

SCHEDULE 3

	<u>Special Road</u>	<u>Child Support Incentive</u>	<u>Visitor's Promotion</u>	<u>Visitor's Improvement</u>	<u>Institutions</u>
ASSETS					
Equity in Pooled Cash and Cash Equivalents	195,852	38,117	30,035	251,049	26,436
Designated Investments					
Total Assets	<u>195,852</u>	<u>38,117</u>	<u>30,035</u>	<u>251,049</u>	<u>26,436</u>
FUND BALANCES:					
Unreserved	<u>195,852</u>	<u>38,117</u>	<u>30,035</u>	<u>251,049</u>	<u>26,436</u>
Total Fund Balances	<u>195,852</u>	<u>38,117</u>	<u>30,035</u>	<u>251,049</u>	<u>26,436</u>

	<u>Drug Law Enforcement</u>	<u>Federal Forfeitures</u>	<u>Victims Assistance</u>	<u>Keno Lottery</u>	<u>Juvenile Facility</u>
ASSETS					
Equity in Pooled Cash and Cash Equivalents	1,100	2	7,500	7,386	2,562
Designated Investments				294,614	
Total Assets	<u>1,100</u>	<u>2</u>	<u>7,500</u>	<u>302,000</u>	<u>2,562</u>
FUND BALANCES:					
Unreserved	<u>1,100</u>	<u>2</u>	<u>7,500</u>	<u>302,000</u>	<u>2,562</u>
Total Fund Balances	<u>1,100</u>	<u>2</u>	<u>7,500</u>	<u>302,000</u>	<u>2,562</u>

	<u>Handicapped Accessibility</u>	<u>Noxious Weed</u>	<u>Total Nonmajor Special Revenue Funds (Schedule 1)</u>
ASSETS			
Equity in Pooled Cash and Cash Equivalents	86,417	25,669	672,125
Designated Investments			294,614
Total Assets	<u>86,417</u>	<u>25,669</u>	<u>966,739</u>
FUND BALANCES:			
Unreserved	<u>86,417</u>	<u>25,669</u>	<u>966,739</u>
Total Fund Balances	<u>86,417</u>	<u>25,669</u>	<u>966,739</u>

LINCOLN COUNTY NEBRASKA

COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS

For The Year Ended June 30, 2009

SCHEDULE 5

	Special Road	Child Support Incentive	Visitor's Promotion	Visitor's Improvement	Institutions
CASH RECEIPTS					
Property Taxes	21,415				68,755
Federal Grants		38,117			
Intergovernmental Charges for Services	190		272,766	180,333	1,147
Interest					
Miscellaneous			9,720		
Total Cash Receipts	<u>21,605</u>	<u>38,117</u>	<u>282,486</u>	<u>180,333</u>	<u>69,902</u>
CASH DISBURSEMENTS					
Public Safety					
Public Works	110,407				
Public Assistance					104,897
Culture and Recreation			323,686	19,011	
Total Cash Disbursements	<u>110,407</u>	<u>0</u>	<u>323,686</u>	<u>19,011</u>	<u>104,897</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	<u>(88,802)</u>	<u>38,117</u>	<u>(41,200)</u>	<u>161,322</u>	<u>(34,995)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	148,146				40,000
Transfers (Out)					
Total Other Financing Sources (Uses)	<u>148,146</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>40,000</u>
Net Change in Fund Balances	59,344	38,117	(41,200)	161,322	5,005
Fund Balances, Beginning of Year	<u>136,508</u>	<u>0</u>	<u>71,235</u>	<u>89,727</u>	<u>21,431</u>
Fund Balances, End of Year	<u><u>195,852</u></u>	<u><u>38,117</u></u>	<u><u>30,035</u></u>	<u><u>251,049</u></u>	<u><u>26,436</u></u>

LINCOLN COUNTY NEBRASKA

COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS

For The Year Ended June 30, 2009

SCHEDULE 5
CONTINUED

	Drug Law Enforcement	Federal Forfeitures	Victims Assistance	Grant Fund	Keno Lottery
CASH RECEIPTS					
Property Taxes					
Federal Grants					
Intergovernmental				20,631	
Charges for Services					92,604
Interest				2	3,003
Miscellaneous	1,100				
Total Cash Receipts	1,100	0	0	20,633	95,607
CASH DISBURSEMENTS					
Public Safety	2,419	5,800	3,543		
Public Works					10,500
Public Assistance					
Culture and Recreation				20,631	
Total Cash Disbursements	2,419	5,800	3,543	20,631	10,500
Excess of Cash Receipts Over (Under) Cash Disbursements	(1,319)	(5,800)	(3,543)	2	85,107
OTHER FINANCING SOURCES (USES)					
Transfers In					
Transfers (Out)			(28,893)	(9)	
Total Other Financing Sources (Uses)	0	0	(28,893)	(9)	0
Net Change in Fund Balances	(1,319)	(5,800)	(32,436)	(7)	85,107
Fund Balances, Beginning of Year	2,419	5,802	39,936	7	216,893
Fund Balances, End of Year	1,100	2	7,500	0	302,000

LINCOLN COUNTY NEBRASKA

COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS

For The Year Ended June 30, 2009

SCHEDULE 5
CONCLUDED

Total Nonmajor
Special Revenue
Funds
(Schedule 2)

	Juvenile Facility	Handicapped Accessibility	Noxious Weed	Historical Society	Total Nonmajor Special Revenue Funds (Schedule 2)
CASH RECEIPTS					
Property Taxes		1,670	(3)	5	91,842
Federal Grants					38,117
Intergovernmental	61,875	15			536,957
Charges for Services			128,096		220,700
Interest					3,005
Miscellaneous			656		11,476
Total Cash Receipts	61,875	1,685	128,749	5	902,097
CASH DISBURSEMENTS					
Public Safety	79,313				91,075
Public Works			289,033		409,940
Public Assistance					104,897
Culture and Recreation				26	363,354
Total Cash Disbursements	79,313	0	289,033	26	969,266
Excess of Cash Receipts Over (Under) Cash Disbursements	(17,438)	1,685	(160,284)	(21)	(67,169)
OTHER FINANCING SOURCES (USES)					
Transfers In	20,000		182,000		390,146
Transfers (Out)					(28,902)
Total Other Financing Sources (Uses)	20,000	0	182,000	0	361,244
Net Change in Fund Balances	2,562	1,685	21,716	(21)	294,075
Fund Balances, Beginning of Year		84,732	3,953	21	672,664
Fund Balances, End of Year	2,562	86,417	25,669	0	966,739

LINCOLN COUNTY NEBRASKA

COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS

For The Year Ended June 30, 2009

	Jail Bond	Road Bond	SCHEDULE 6 Total Nonmajor Debt Service Funds (Schedule 2)
CASH RECEIPTS			
Property Taxes		631	631
Interest	2,185	1,952	4,137
Total Cash Receipts	2,185	2,583	4,768
CASH DISBURSEMENTS			
Debt Service:			
Principal Retirement			0
Interest			0
Total Cash Disbursements	0	0	0
Excess of Cash Receipts Over (Under) Cash Disbursements	2,185	2,583	4,768
OTHER FINANCING SOURCES (USES)			
Bond Issuane Proceeds	441,000		441,000
Transfers In			0
Transfers (Out)		(148,146)	(148,146)
Total Other Financing Sources (Uses)	441,000	(148,146)	292,854
Net Change in Fund Balances	443,185	(145,563)	297,622
Fund Balances, Beginning of Year	0	150,146	150,146
Fund Balances, End of Year	443,185	4,583	447,768

LINCOLN COUNTY, NEBRASKA

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2009

SCHEDULE 7

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
SPECIAL ROAD				
CASH RECEIPTS	1,372	1,372	21,605	20,233
CASH DISBURSEMENTS	286,026	286,026	110,407	175,619
OTHER FINANCING SOURCES				
Operating Transfers In	148,146	148,146	148,146	0
Net Change in Fund Balance	(136,508)	(136,508)	59,344	195,852
Fund Balance, Beginning of Year	136,508	136,508	136,508	
Fund Balance, End of Year	0	0	195,852	195,852
CHILD SUPPORT INCENTIVE				
CASH RECEIPTS	250,000	250,000	38,117	(211,883)
CASH DISBURSEMENTS	250,000	250,000	0	250,000
Net Change in Fund Balance	0	0	38,117	38,117
Fund Balance, Beginning of Year	0	0	0	
Fund Balance, End of Year	0	0	38,117	38,117
VISITOR'S PROMOTION				
CASH RECEIPTS	357,800	357,800	282,486	(75,314)
CASH DISBURSEMENTS	323,920	323,920	323,686	234
Net Change in Fund Balance	33,880	33,880	(41,200)	(75,080)
Fund Balance, Beginning of Year	71,235	71,235	71,235	
Fund Balance, End of Year	105,115	105,115	30,035	(75,080)
VISITOR'S IMPROVEMENT				
CASH RECEIPTS	144,800	144,800	180,333	35,533
CASH DISBURSEMENTS	218,500	218,500	19,011	199,489
Net Change in Fund Balance	(73,700)	(73,700)	161,322	235,022
Fund Balance, Beginning of Year	89,727	89,727	89,727	
Fund Balance, End of Year	16,027	16,027	251,049	235,022
INSTITUTIONS				
CASH RECEIPTS	67,209	67,209	69,902	2,693
CASH DISBURSEMENTS	121,640	121,640	104,897	16,743
OTHER FINANCING SOURCES				
Operating Transfers In	40,000	40,000	40,000	0
Net Change in Fund Balance	(14,431)	(14,431)	5,005	19,436
Fund Balance, Beginning of Year	21,431	21,431	21,431	
Fund Balance, End of Year	7,000	7,000	26,436	19,436

LINCOLN COUNTY, NEBRASKA

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2009

SCHEDULE 7
CONTINUED

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
DRUG LAW ENFORCEMENT				
CASH RECEIPTS	155,000	155,000	1,100	(153,900)
CASH DISBURSEMENTS	150,000	150,000	2,419	147,581
Net Change in Fund Balance	5,000	5,000	(1,319)	(6,319)
Fund Balance, Beginning of Year	2,419	2,419	2,419	
Fund Balance, End of Year	7,419	7,419	1,100	(6,319)
FEDERAL FORFEITURES				
CASH RECEIPTS	200,000	200,000	0	(200,000)
CASH DISBURSEMENTS	200,000	200,000	5,800	194,200
Net Change in Fund Balance	0	0	(5,800)	(5,800)
Fund Balance, Beginning of Year	5,802	5,802	5,802	
Fund Balance, End of Year	5,802	5,802	2	(5,800)
VICTIMS ASSISTANCE				
CASH RECEIPTS	40,000	40,000	0	(40,000)
CASH DISBURSEMENTS	78,322	78,322	3,543	74,779
OTHER FINANCING (USES) Operating Transfers (Out)			(28,893)	(28,893)
Net Change in Fund Balance	(38,322)	(38,322)	(32,436)	5,886
Fund Balance, Beginning of Year	39,936	39,936	39,936	
Fund Balance, End of Year	1,614	1,614	7,500	5,886
GRANT FUND				
CASH RECEIPTS	399,993	399,993	20,633	(379,360)
CASH DISBURSEMENTS	400,000	400,000	20,631	379,369
OTHER FINANCING (USES) Operating Transfers (Out)			(9)	(9)
Net Change in Fund Balance	(7)	(7)	(7)	0
Fund Balance, Beginning of Year	7	7	7	
Fund Balance, End of Year	0	0	0	0
KENO LOTTERY				
CASH RECEIPTS	102,957	102,957	95,607	(7,350)
CASH DISBURSEMENTS	319,850	319,850	10,500	309,350
Net Change in Fund Balance	(216,893)	(216,893)	85,107	302,000
Fund Balance, Beginning of Year	216,893	216,893	216,893	
Fund Balance, End of Year	0	0	302,000	302,000

LINCOLN COUNTY, NEBRASKA

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2009

SCHEDULE 7
CONTINUED

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
JUVENILE FACILITY				
CASH RECEIPTS	95,000	95,000	61,875	(33,125)
CASH DISBURSEMENTS	115,000	115,000	79,313	35,687
OTHER FINANCING SOURCES				
Operating Transfers In	20,000	20,000	20,000	0
Net Change in Fund Balance	0	0	2,562	2,562
Fund Balance, Beginning of Year				
Fund Balance, End of Year	0	0	2,562	2,562
HANDICAPPED ACCESSIBILITY				
CASH RECEIPTS	0	0	1,685	1,685
CASH DISBURSEMENTS	84,732	84,732		84,732
Net Change in Fund Balance	(84,732)	(84,732)	1,685	86,417
Fund Balance, Beginning of Year	84,732	84,732	84,732	
Fund Balance, End of Year	0	0	86,417	86,417
NOXIOUS WEED				
CASH RECEIPTS	103,987	103,987	128,749	24,762
CASH DISBURSEMENTS	350,280	350,280	289,033	61,247
OTHER FINANCING SOURCES				
Operating Transfers In	244,000	244,000	182,000	(62,000)
Net Change in Fund Balance	(2,293)	(2,293)	21,716	24,009
Fund Balance, Beginning of Year	3,953	3,953	3,953	
Fund Balance, End of Year	1,660	1,660	25,669	24,009
HISTORICAL SOCIETY				
CASH RECEIPTS	179	179	5	(174)
CASH DISBURSEMENTS	200	200	26	174
Net Change in Fund Balance	(21)	(21)	(21)	0
Fund Balance, Beginning of Year	21	21	21	
Fund Balance, End of Year	0	0	0	0
COURTHOUSE BUILDING				
CASH RECEIPTS	89,010	89,010	71,992	(17,018)
CASH DISBURSEMENTS	731,000	731,000	119,566	611,434
Net Change in Fund Balance	(641,990)	(641,990)	(47,574)	594,416
Fund Balance, Beginning of Year	643,990	643,990	643,990	
Fund Balance, End of Year	2,000	2,000	596,416	594,416

LINCOLN COUNTY, NEBRASKA

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
JAIL BOND				
CASH RECEIPTS	0	0	2,185	2,185
CASH DISBURSEMENTS	0	0	0	0
OTHER FINANCING SOURCES				
Operating Transfers In	0	0	441,000	441,000
Net Change in Fund Balance	0	0	443,185	443,185
Fund Balance, Beginning of Year	0	0	0	
Fund Balance, End of Year	0	0	443,185	443,185
ROAD BOND				
CASH RECEIPTS	0	0	2,583	2,583
CASH DISBURSEMENTS	150,146	150,146	0	150,146
OTHER FINANCING (USES)				
Operating Transfers (Out)			(148,146)	(148,146)
Net Change in Fund Balance	(150,146)	(150,146)	(145,563)	4,583
Fund Balance, Beginning of Year	150,146	150,146	150,146	
Fund Balance, End of Year	0	0	4,583	4,583

**SCHEDULE 7
CONCLUDED**

LINCOLN COUNTY, NEBRASKA
SCHEDULE OF OFFICE ACTIVITIES
For The Year Ended June 30, 2009

SCHEDULE 8

	<u>County Clerk</u>	<u>Register of Deeds</u>	<u>Clerk of the District Court</u>	<u>County Sheriff</u>	<u>County Attorney</u>
Balance July 1, 2008	1,744	42,097	500,113	28,557	52,614
Receipts					
Licenses and Permits	4,275			22,470	
Charges for Services	2,274	193,908	68,094	120,383	40,834
Miscellaneous			5,288	139,133	667
State Fees		209,231	63,219		
Other Liabilities	2,983		1,758,817	141,875	66,841
Total Receipts	<u>9,532</u>	<u>403,139</u>	<u>1,895,418</u>	<u>423,861</u>	<u>108,342</u>
Disbursements					
Payments to County Treasurer	6,645	194,484	77,341	283,354	35,455
Payments to State Treasurer			63,473		
Other Liabilities	2,983	213,680	1,980,709	140,085	67,858
Total Disbursements	<u>9,628</u>	<u>408,164</u>	<u>2,121,523</u>	<u>423,439</u>	<u>103,313</u>
Balance June 30, 2009	<u><u>1,648</u></u>	<u><u>37,072</u></u>	<u><u>274,008</u></u>	<u><u>28,979</u></u>	<u><u>57,643</u></u>
BALANCE CONSISTS OF:					
Due to County Treasurer	648	18,350	6,708	9,374	13,728
Due to State Treasurer		18,722	5,095		
Petty Cash	1,000			2,000	642
Drug Fund					43,231
Due to Others			262,205	17,605	42
Balance June 30, 2009	<u><u>1,648</u></u>	<u><u>37,072</u></u>	<u><u>274,008</u></u>	<u><u>28,979</u></u>	<u><u>57,643</u></u>

LINCOLN COUNTY, NEBRASKA
SCHEDULE OF OFFICE ACTIVITIES
For The Year Ended June 30, 2009

**SCHEDULE 8
CONCLUDED**

	<u>Noxious Weed</u>	<u>Veteran's Service Officer</u>	<u>Photostat Department</u>	<u>Total</u>
Balance July 1, 2008	16,989	38,749	251	681,114
Receipts				
Licenses and Permits				26,745
Charges for Services	174,743			600,236
Miscellaneous			2,092	147,180
State Fees				272,450
Other Liabilities		5,018		1,975,534
Total Receipts	<u>174,743</u>	<u>5,018</u>	<u>2,092</u>	<u>3,022,145</u>
Disbursements				
Payments to County Treasurer	128,097		2,002	727,378
Payments to State Treasurer				63,473
Other Liabilities		33,919		2,439,234
Total Disbursements	<u>128,097</u>	<u>33,919</u>	<u>2,002</u>	<u>3,230,085</u>
Balance June 30, 2009	<u>63,635</u>	<u>9,848</u>	<u>341</u>	<u>473,174</u>
BALANCE CONSISTS OF:				
Due to County Treasurer	63,635		341	112,784
Due to State Treasurer				23,817
Petty Cash				3,642
Drug Fund				43,231
Due to Others		9,848		289,700
Balance June 30, 2009	<u>63,635</u>	<u>9,848</u>	<u>341</u>	<u>473,174</u>

LINCOLN COUNTY, NEBRASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Federal Grantor/ Pass Through Grantor/ Program Title/	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Homeland Security:			
Passed Through Nebraska Emergency Management Agency:			
State Homeland Security Program	97.073	2005-GE-T5-0020	4,157
State Homeland Security Program	97.073	2006-GE-T6-0016	54,192
State Homeland Security Program	97.073	2007-GE-T7-0035	<u>16,929</u>
Subtotal CFDA Number			<u>75,278</u>
Emergency Management Performance Grant	97.042	2008-EM-E8-0032	29,303
Public Assistance Disaster Grant	97.036	FEMA-1770-DR-NE	<u>185,538</u>
Total Department of Homeland Security			<u>290,119</u>
U.S. Department of Health and Human Services:			
Passed Through Nebraska Health and Human Services:			
Child Support Enforcement	93.563	None	<u>272,081</u>
Total U.S. Department of Health and Human Services			<u>272,081</u>
U.S. Department of Transportation:			
Passed Through Nebraska Department of Roads:			
Federal Aid Highway Program	20.205	CN 61416	110,407
Passed Through Nebraska Department of Motor Vehicles:			
State and Community Highway Safety	20.600	None	<u>43,989</u>
Total Department of Transportation			<u>154,396</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>716,596</u></u>

The accompanying notes are an integral part of this schedule

LINCOLN COUNTY, NEBRASKA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2009

NOTE 1: BASIS OF PRESENTATION:

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Lincoln County and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of the OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements

NOTE 2: SUBRECIPIENTS:

Of the federal expenditures presented in the schedule, Lincoln County did not provide any of the federal awards to subrecipients.

NOTE 3: MAJOR FEDERAL PROGRAMS:

The Public Assistance Disaster Grant (CFDA number 97.036), and Child Support Enforcement (CFDA number 93.563) are considered major federal programs as defined by OMB Circular A-133.

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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

County Board of Commissioners
Lincoln County
North Platte, Nebraska 69101

Board Members:

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lincoln County, Nebraska, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements and have issued my report thereon dated November 13, 2009. The report notes the financial statements were prepared on the basis of cash receipts and disbursements. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Lincoln County's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lincoln County's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Lincoln County's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be a significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects Lincoln County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such there is more than a remote likelihood that a misstatement of Lincoln County's financial statements that is more than inconsequential will not be prevented or detected by Lincoln County's internal control.

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*

Page 2

I consider the following deficiency to be a significant deficiency in internal control over financial reporting:

The County Offices had a lack of segregation of duties since one person could handle all aspects of processing a transaction from beginning to end. Good Internal Control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records.

Management Response: Due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost.

A material weakness is a significant deficiency or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Lincoln County's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I consider the lack of segregation of duties described above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lincoln County's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters, non-compliance 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use by County Board, management, the Nebraska State Auditor's Office and other state and federal regulatory authorities, is not intended to be, and should not be used by anyone other than these specified parties.

Donald D. Wilson, CPA
McCook, Nebraska

November 13, 2009

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133

County Board of Commissioners
Lincoln County
North Platte, Nebraska 69101

Compliance

I have audited the compliance of Lincoln County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Lincoln County's major federal programs are identified in the summary of auditor's result section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Lincoln County's management. My responsibility is to express an opinion on Lincoln County's compliance based on our audit.

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

In my opinion, Lincoln County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Lincoln County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs.

Report on Compliance With Requirements
Applicable to Each Major Program and on
Internal Control Over Compliance In
Accordance with OMB Circular A-133

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In planning and performing my audit, I considered Lincoln County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Lincoln County's internal control over compliance.

A control deficiency 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects Lincoln County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by Lincoln County's internal control.

A material weakness is a significant deficiency or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Lincoln County's internal control.

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

This report is intended solely for the information and use of the County Board, management, the Nebraska State Auditor's Office and federal awarding agencies and pass-through entities and is not intended to be, and should not be used by anyone other than those specified parties.

Donald D. Wilson, CPA
McCook, Nebraska

November 13, 2009

LINCOLN COUNTY, NEBRASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONCLUDED)
YEAR ENDED JUNE 30, 2009

SECTION II - FINANCIAL STATEMENT FINDING

2009-1 Lack of Segregation of Duties:

Good internal control requires authorization or approval of transactions, recording of transactions, and custody of assets should normally be segregated from each other.

During my audit, I noted that there is a lack of segregation of accounting functions among various county offices and personnel. This lack of segregation of duties results in an inadequate overall internal control structure design.

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

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE NOTED

LINCOLN COUNTY, NEBRASKA
COMMENTS ON RESOLUTION OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2009

The prior audit for Lincoln County disclosed no reportable matters for federal award findings and questioned costs.