

**AUDIT REPORT
OF
LINCOLN COUNTY, NEBRASKA**

Year Ended June 30, 2016

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

**AUDIT REPORT
OF
LINCOLN COUNTY, NEBRASKA
Year Ended June 30, 2016**

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LINCOLN COUNTY, NEBRASKA
Year Ended June 30, 2016**

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INDEPENDENT AUDITOR'S REPORT

County Board of Commissioners
Lincoln County
North Platte, Nebraska 69101

Board Members:

Report on the Financial Statements

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, 2016, and the related notes to the financial statements, which collectively comprise the County's 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 accounting principles generally accepted in the United States of America; this includes 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

My responsibility is to express opinions 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 the standards applicable to financial audits contained in *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 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 entity'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 entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Unmodified Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lincoln County, Nebraska as of June 30, 2016, and the respective changes in financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Basis of Accounting

I draw attention to Note 1 of the financial statements, which describes the basis of accounting. The 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. My opinion is not modified with respect to this matter.

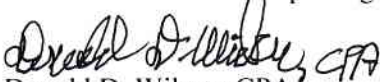
Report on Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lincoln County, Nebraska financial statements. The budgetary comparison information, combining and individual nonmajor fund financial statements and the schedule of office activity, are presented for purposes of additional analysis and are not a required part of the financial statements.

The budgetary comparison information, combining and individual nonmajor fund financial statements and the schedule of office activity, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the 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*, I have also issued my report dated October 10, 2016 on my consideration of Lincoln County, Nebraska 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* in considering Lincoln County, Nebraska internal control over financial reporting and compliance.


Donald D. Wilson, CPA
McCook, Nebraska

October 10, 2016

LINCOLN COUNTY, NEBRASKA
STATEMENT OF NET POSITION - CASH BASIS

June 30, 2016

EXHIBIT A

PRIMARY
GOVERNMENT

GOVERNMENTAL
ACTIVITIES

ASSETS

Pooled Cash and Cash Equivalents	10,236,236
Designated Investments	<u>3,350,116</u>
Total Assets	<u>13,586,352</u>

NET POSITION

Restricted for:	
Jail Bond	2,222,662
Visitor's Promotion/Improvement	1,038,373
Bridge/Road Projects	852,252
Veteran's Aid	43,704
Keno Lottery	135,789
Federal Forfeitures	12,208
Child Support	177,600
Register of Deeds P&M	26,814
Unrestricted	<u>9,076,950</u>
Total Net Position	<u><u>13,586,352</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, 2016

Exhibit B

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipt and Changes in Net Assets Governmental Activities
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Government	7,447,171	1,474,553	373,057		(5,599,561)
Public Safety	5,434,313	743,359	316,306		(4,374,648)
Public Works	5,301,207	88,159	52,488		(5,160,560)
Public Health	62,416				(62,416)
Public Assistance	322,560	2,900	9,013		(310,647)
Culture and Recreation	849,846		11,925	82,000	(755,921)
Capital Outlay	1,297,843				(1,297,843)
Debt Service	1,119,662				(1,119,662)
Total Governmental Activities	21,835,018	2,308,971	762,789	82,000	(18,681,258)
General Receipts:					
Taxes:					
Property taxes, levied for general purposes					10,245,158
Property taxes, levied for public works					33,824
Property taxes, levied for capital outlay					708,079
Property taxes, levied for debt service					1,424,616
Motor Vehicle Tax					1,330,519
Intergovernmental					5,151,198
Inheritance Tax					1,225,860
Interest					32,108
Miscellaneous					45,978
Total General Receipts					20,197,340
Changes in Net Position					1,516,082
Net position - Beginning of Year					12,070,270
Net position - End of Year					13,586,352

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

LINCOLN COUNTY, NEBRASKA

BALANCE SHEET - CASH BASIS
GOVERNMENTAL FUNDS

June 30, 2016

EXHIBIT C

	General	Road	Inheritance Tax	Jail Bond	Other Governmental Funds	Total
ASSETS						
Equity in Pooled Cash and Cash Equivalents	3,255,312	999,659	3,336,348	12,305	2,632,612	10,236,236
Designated Investments				2,210,357	1,139,759	3,350,116
Total Assets	<u>3,255,312</u>	<u>999,659</u>	<u>3,336,348</u>	<u>2,222,662</u>	<u>3,772,371</u>	<u>13,586,352</u>
FUND BALANCES:						
Restricted				2,222,662	2,286,740	4,509,402
Assigned		999,659	3,336,348		1,485,631	5,821,638
Unassigned	<u>3,255,312</u>					<u>3,255,312</u>
Total Fund Balances	<u>3,255,312</u>	<u>999,659</u>	<u>3,336,348</u>	<u>2,222,662</u>	<u>3,772,371</u>	<u>13,586,352</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, 2016

EXHIBIT D

	Special Revenue			Debt Service	NonMajor Governmental Funds	Total Governmental Funds
	General	Road	Inheritance Tax	Jail Bond		
CASH RECEIPTS						
Property Taxes	10,041,121			1,424,616	945,940	12,411,677
Motor Vehicle Tax	1,330,519					1,330,519
Federal Grants	421,578	17,366			127,132	566,076
Intergovernmental	763,903	3,176,783		15,965	1,473,261	5,429,912
Inheritance Tax			1,225,859			1,225,859
Charges for Services	2,210,451				98,520	2,308,971
Interest	29,251			1,617	1,240	32,108
Miscellaneous	22,171	12,406			11,401	45,978
Total Cash Receipts	<u>14,818,994</u>	<u>3,206,555</u>	<u>1,225,859</u>	<u>1,442,198</u>	<u>2,657,494</u>	<u>23,351,100</u>
CASH DISBURSEMENTS						
General Government	7,260,217		47,711	3,800	135,443	7,447,171
Public Safety	5,112,707				321,606	5,434,313
Public Works	226,437	4,727,262	308,202		39,306	5,301,207
Public Health	62,416					62,416
Public Assistance	322,560					322,560
Culture and Recreation	45,096				804,750	849,846
Capital Outlay					1,297,843	1,297,843
Debt Service						
Principal Retirement				790,000		790,000
Interest				329,662		329,662
Total Cash Disbursements	<u>13,029,433</u>	<u>4,727,262</u>	<u>355,913</u>	<u>1,123,462</u>	<u>2,598,948</u>	<u>21,835,018</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	<u>1,789,561</u>	<u>(1,520,707)</u>	<u>869,946</u>	<u>318,736</u>	<u>58,546</u>	<u>1,516,082</u>
OTHER FINANCING SOURCES (USES)						
Transfers In		1,918,000	130,000		455,280	2,503,280
Transfers (Out)	<u>(1,138,000)</u>	<u>(130,000)</u>	<u>(785,000)</u>		<u>(450,280)</u>	<u>(2,503,280)</u>
Total Other Financing Sources (Uses)	<u>(1,138,000)</u>	<u>1,788,000</u>	<u>(655,000)</u>	<u>0</u>	<u>5,000</u>	<u>0</u>
Net Change in Fund Balances	651,561	267,293	214,946	318,736	63,546	1,516,082
Fund Balances, Beginning of Year	<u>2,603,751</u>	<u>732,366</u>	<u>3,121,402</u>	<u>1,903,926</u>	<u>3,708,825</u>	<u>12,070,270</u>
Fund Balances, End of Year	<u>3,255,312</u>	<u>999,659</u>	<u>3,336,348</u>	<u>2,222,662</u>	<u>3,772,371</u>	<u>13,586,352</u>

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, 2016

EXHIBIT E

	Balance July 1, 2015	Receipts	Disbursements	Balance June 30, 2016
ASSETS				
Equity in Pooled Cash and Cash Equivalents	4,333,392	76,028,183	76,280,470	4,081,105
Total Assets	<u>4,333,392</u>	<u>76,028,183</u>	<u>76,280,470</u>	<u>4,081,105</u>
LIABILITIES				
State	699,865	7,838,085	7,871,775	666,175
Schools	3,107,121	48,799,753	48,976,036	2,930,838
Educational Service Units	7,097	640,425	641,496	6,026
Community College	38,915	3,413,485	3,420,745	31,655
Natural Resource Districts	42,270	4,583,705	4,594,602	31,373
Cemetery Districts	34,020	95,963	91,155	38,828
Fire Districts	6,688	962,341	962,694	6,335
Hospital Districts	893	50,305	48,472	2,726
Drainage Districts	6,022	14,938	14,786	6,174
Irrigation Districts	104,598	323,290	307,790	120,098
Municipalities	169,303	7,822,618	7,849,690	142,231
Agricultural Society	3,439	294,657	295,385	2,711
Airport Authority	16,051	925,287	928,827	12,511
Partial Payments	13,348	8,322	9,490	12,180
Tentative Inheritance Tax	11,097	58,412		69,509
Tax Increment Financing	1,871	185,045	185,181	1,735
Clearinghouse	70,794	11,552	82,346	0
Total Liabilities	<u>4,333,392</u>	<u>76,028,183</u>	<u>76,280,470</u>	<u>4,081,105</u>
NET POSITION	<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, 2016**

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 are presented on Schedule 6 of this report.

B. Basis of Presentation:

Government-wide Financial Statements:

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

Restricted Net Position – results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The amount of restricted net position was \$4,509,402 as of June 30, 2016.

Unrestricted Net Position– has 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, 2016

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 Bond (Debt Service):

The Jail Bond Fund is used to account for the accumulation of funds necessary to pay interest and redemption of bonds issued for the purpose of construction of new jail facilities.

LINCOLN COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the Year Ended June 30, 2016

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

B. Basis of Presentation (Concluded):

In the fund financial statements, governmental fund balances are required to be reported according to the following classifications:

Restricted fund balance – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – Amounts that can only be used for specific purposes because of a formal action (resolution) by the County’s highest level of decision-making authority, the County Board.

Assigned fund balance – Amounts that are constrained by the County’s intent to be used for specific purposes, but do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the County Board, or by an official to whom that authority has been given. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances.

Unassigned fund balance – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

Fiduciary Funds:

Fiduciary fund reporting focuses on net position and changes in net position. 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.

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.

LINCOLN COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the Year Ended June 30, 2016

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

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 position. 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, 2015 for 2015 taxes which will be materially collected in May and September, 2016, was set at \$.277045/\$100 of assessed valuation. Assessed valuation for Lincoln County for the 2015 tax levy was \$4,439,850,938. 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, 2016. Lincoln County is a participant in an external investment pool, the Nebraska Public Agency Investment Trust (NPAIT).

LINCOLN COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the Year Ended June 30, 2016

NOTE 2: CASH AND POOLED INVESTMENTS (CONCLUDED):

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 \$53,007 invested with NPAIT as of June 30, 2016. 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, 2016 were not 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.

NOTE 3: INTERFUND LOANS AND TRANSFERS:

The details of interfund loans between funds as of June 30, 2016 were as follows:

<u>Due To:</u>	<u>Due From:</u>	<u>Amount:</u>
Inheritance Tax	Road	180,183

The loan, for road equipment paid from the Inheritance Tax, will be paid back by annual payments of \$130,000 from the Road Fund.

The details of the interfund transfers and loan for the year ended June 30, 2016 were as follows:

<u>Transfers To</u>	<u>Transfers From</u>	<u>Amount</u>
Road	General	1,138,000
Road	Inheritance Tax	780,000
Inheritance Tax	Road	130,000
Visitor's Promotion	Visitor's Improvement	450,280
Juvenile Facility	Inheritance Tax	5,000

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 transfer from Visitor's Improvement moved over funds to reimburse salaries paid from Visitor's Promotion.

LINCOLN COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT - CONTINUED

For the Year Ended June 30, 2016

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, 2016, 2015, and 2014 were \$532,697, \$508,129, and \$511,587, respectively. Prior service benefit paid was \$2,832, \$3,062, and \$3,404, for the three fiscal years.

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, 2016:

	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016
<u>Bonds:</u>				
Jail Bond	13,350,000		790,000	12,560,000

A summary of the annual requirements to service the bonds as of June 30, 2016, are as follows:

LINCOLN COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT - CONTINUED

For the Year Ended June 30, 2016

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

Year Ended	2012 Jail Bond Series			2011 Jail Bond Series		
	Principal	Interest	Total	Principal	Interest	Total
June 30, 2017	490,000	163,708	653,708	305,000	157,458	462,458
June 30, 2018	500,000	158,505	658,505	305,000	152,272	457,272
June 30, 2019	505,000	152,095	657,095	310,000	145,887	455,887
June 30, 2020	510,000	144,353	654,353	320,000	138,320	458,320
June 30, 2021	515,000	135,510	650,510	330,000	129,537	459,537
June 30, 2022	520,000	125,675	645,675	340,000	119,735	459,735
June 30, 2023	525,000	114,831	639,831	350,000	109,035	459,035
June 30, 2024	535,000	102,901	637,901	360,000	97,405	457,405
June 30, 2025	545,000	89,802	634,802	375,000	84,813	459,813
June 30, 2026	550,000	75,840	625,840	380,000	71,410	451,410
June 30, 2027	560,000	61,130	621,130	395,000	57,262	452,262
June 30, 2028	570,000	44,870	614,870	410,000	42,165	452,165
June 30, 2029	585,000	27,242	612,242	425,000	26,088	451,088
June 30, 2030	<u>600,000</u>	<u>9,158</u>	<u>609,158</u>	<u>445,000</u>	<u>8,900</u>	<u>453,900</u>
Total	<u><u>7,510,000</u></u>	<u><u>1,405,620</u></u>	<u><u>8,915,620</u></u>	<u><u>5,050,000</u></u>	<u><u>1,340,287</u></u>	<u><u>6,390,287</u></u>

The ratio of the commitments to assessed valuation was .28% as of June 30, 2016.

Jail Bond 2012 Series:

Due serially in annual principal payments of \$95,000 to \$600,000, plus interest not to exceed 3.5%. These are General Obligation Refunding Bonds issued during 2012 in the amount of \$8,705,000 to refund the original 2009 series bonds. Bonds maturing on or after the fifth anniversary of the original issuance date 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.

Jail Bond 2011 Series:

Due serially in annual principal payments of \$80,000 to \$445,000, plus interest not to exceed 4.0%. These are General Obligation Refunding Bonds issued during 2011 in the amount of \$5,805,000 to refund the original 2008 series bonds. Bonds maturing on or after the fifth anniversary of the original issuance date 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 2012/2011 is 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.

LINCOLN COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT - CONCLUDED

For the Year Ended June 30, 2016

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, 2016.

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, 2016.

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 \$178,314 toward the operation of Region II during fiscal year 2016. 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, 2016

EXHIBIT F

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CASH RECEIPTS:				
Taxes	10,932,274	10,932,274	11,371,640	439,366
Federal	898,014	898,014	421,578	(476,436)
State	533,700	533,700	646,610	112,910
Local	1,913,596	1,913,596	2,379,166	465,570
Total Cash Receipts	14,277,584	14,277,584	14,818,994	541,410
CASH DISBURSEMENTS:				
General Government:				
Board of Commissioners	120,700	120,700	116,896	3,804
Clerk	302,503	302,503	286,978	15,525
Treasurer	447,970	447,970	404,824	43,146
Register of Deeds	182,800	182,800	171,793	11,007
Assessor	526,925	526,925	493,035	33,890
Planning Commission	36,060	36,060	33,422	2,638
Information Technology	137,797	137,797	88,320	49,477
Adv., Insurance and Bonds	2,195,000	2,195,000	2,194,681	319
Federal Payroll Tax	434,000	437,900	437,836	64
Clerk of the District Court	294,540	294,540	282,457	12,083
County Court System	38,800	38,800	38,799	1
District Court	59,800	59,800	54,261	5,539
Public Defender	401,546	401,696	401,694	2
Building and Grounds	419,000	419,000	371,580	47,420
Jail Building and Grounds	145,500	145,500	137,072	8,428
Extension Office	156,555	156,555	156,555	0
Photostat Department	79,534	79,534	68,437	11,097
Retirement	419,000	419,000	416,293	2,707
Unemployment	10,000	10,000	4,275	5,725
Communications Center (P.B.X.)	148,350	148,350	114,148	34,202
Miscellaneous	1,209,534	1,205,484	986,861	218,623
Total General Government	7,765,914	7,765,914	7,260,217	505,697
Public Safety:				
Sheriff	2,007,300	2,007,300	1,928,489	78,811
Attorney	586,750	586,750	540,249	46,501
Child Support Division	285,110	285,110	230,230	54,880
Merit Commission	1,250	1,250	98	1,152
Jail	1,976,700	1,976,700	1,966,455	10,245
Probation Office	144,000	144,000	115,463	28,537
Emergency Management	180,224	180,224	121,239	58,985
Dive & Rescue Team	19,400	19,400	19,255	145
Grant Funds	250,000	250,000	13,720	236,280
Miscellaneous	178,349	178,349	177,509	840
Total Public Safety	5,629,083	5,629,083	5,112,707	516,376
Public Works:				
Surveyor	71,720	71,720	34,808	36,912
Noxious Weed	311,100	311,100	170,833	140,267
Miscellaneous	20,796	20,796	20,796	0
Total Public Works	403,616	403,616	226,437	177,179

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, 2016

EXHIBIT F
CONCLUDED

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CASH DISBURSEMENTS, CONCLUDED:				
Public Health:				
Miscellaneous	62,416	62,416	62,416	0
Total Public Health	62,416	62,416	62,416	0
Public Assistance:				
Relief	142,300	142,300	101,945	40,355
Institutions	139,397	139,397	131,813	7,584
Veteran's Service Officer	81,000	81,000	73,118	7,882
Miscellaneous	15,684	15,684	15,684	0
Total Public Assistance	378,381	378,381	322,560	55,821
Culture and Recreation:				
Lake Maloney Trail Grant	335,000	335,000	1,171	333,829
Miscellaneous	43,925	43,925	43,925	0
Total Culture and Recreation	378,925	378,925	45,096	333,829
Total Cash Disbursements	14,618,335	14,618,335	13,029,433	1,588,902
Excess of Cash Receipts Over (Under) Cash Disbursements	(340,751)	(340,751)	1,789,561	2,130,312
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				
Operating Transfers (Out)	(1,138,000)	(1,138,000)	(1,138,000)	
Total Other Financing Sources (Uses)	(1,138,000)	(1,138,000)	(1,138,000)	0
Net Change in Fund Balance	(1,478,751)	(1,478,751)	651,561	2,130,312
Fund Balance, Beginning of Year	2,603,751	2,603,751	2,603,751	
Fund Balance, End of Year	1,125,000	1,125,000	3,255,312	2,130,312

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, 2016

EXHIBIT G

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CASH RECEIPTS:				
Federal	15,000	15,000	17,366	2,366
State	3,116,484	3,116,484	3,176,676	60,192
Local	9,135	9,135	12,513	3,378
Total Cash Receipts	<u>3,140,619</u>	<u>3,140,619</u>	<u>3,206,555</u>	<u>65,936</u>
CASH DISBURSEMENTS:				
Public Works:				
Road Department	5,460,985	5,460,985	4,727,262	733,723
Total Cash Disbursements	<u>5,460,985</u>	<u>5,460,985</u>	<u>4,727,262</u>	<u>733,723</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	<u>(2,320,366)</u>	<u>(2,320,366)</u>	<u>(1,520,707)</u>	<u>799,659</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	1,918,000	1,918,000	1,918,000	
Operating Transfers (Out)	<u>(130,000)</u>	<u>(130,000)</u>	<u>(130,000)</u>	
Total Other Financing Sources (Uses)	<u>1,788,000</u>	<u>1,788,000</u>	<u>1,788,000</u>	<u>0</u>
Net Change in Fund Balance	(532,366)	(532,366)	267,293	799,659
Fund Balance, Beginning of Year	<u>732,366</u>	<u>732,366</u>	<u>732,366</u>	<u>0</u>
Fund Balance, End of Year	<u>200,000</u>	<u>200,000</u>	<u>999,659</u>	<u>799,659</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, 2016

EXHIBIT H

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CASH RECEIPTS:				
Local	3,598	3,598	1,225,859	1,222,261
Total Cash Receipts	3,598	3,598	1,225,859	1,222,261
CASH DISBURSEMENTS:				
General Government	1,139,363	1,139,363	47,711	1,091,652
Public Works	305,637	305,637	308,202	(2,565)
Total Cash Disbursements	1,445,000	1,445,000	355,913	1,089,087
Excess of Cash Receipts Over (Under) Cash Disbursements	(1,441,402)	(1,441,402)	869,946	2,311,348
OTHER FINANCING SOURCES (USES)				
Operating Transfers In			130,000	130,000
Operating Transfers (Out)	(880,000)	(880,000)	(785,000)	95,000
Total Other Financing Sources (Uses)	(880,000)	(880,000)	(655,000)	225,000
Net Change in Fund Balance	(2,321,402)	(2,321,402)	214,946	2,536,348
Fund Balance, Beginning of Year	3,121,402	3,121,402	3,121,402	0
Fund Balance, End of Year	800,000	800,000	3,336,348	2,536,348

See Accompanying Notes to Budgetary Reporting

LINCOLN COUNTY, NEBRASKA

**NOTES TO SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING**

For the Year Ended June 30, 2016

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 federal payroll tax and the Public Defender budgets within the General Fund were properly amended per state statute by transferring \$3,900, and \$150 respectively, budget authority from miscellaneous general.

LINCOLN COUNTY, NEBRASKA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2016

SCHEDULE 1

	<u>Special Revenue Funds (Schedule 3)</u>	<u>Capital Project Fund Courthouse Building</u>	<u>Total Nonmajor Governmental Funds (Exhibit C)</u>
ASSETS			
Equity in Pooled Cash and Cash Equivalents	2,628,008	4,604	2,632,612
Designated Investments	<u>290,953</u>	<u>848,806</u>	<u>1,139,759</u>
Total Assets	<u><u>2,918,961</u></u>	<u><u>853,410</u></u>	<u><u>3,772,371</u></u>
FUND BALANCES:			
Restricted	2,286,740		2,286,740
Assigned	<u>632,221</u>	<u>853,410</u>	<u>1,485,631</u>
Total Fund Balances	<u><u>2,918,961</u></u>	<u><u>853,410</u></u>	<u><u>3,772,371</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, 2016

SCHEDULE 2

	Special Revenue Funds (Schedule 4)	Capital Project Courthouse Building	Total Nonmajor Governmental Funds (Exhibit D)
CASH RECEIPTS			
Property Taxes	237,861	708,079	945,940
Federal Grants	127,132		127,132
Intergovernmental	1,466,139	7,122	1,473,261
Charges for Services	98,520		98,520
Interest	49	1,191	1,240
Miscellaneous	11,401		11,401
Total Cash Receipts	<u>1,941,102</u>	<u>716,392</u>	<u>2,657,494</u>
CASH DISBURSEMENTS			
General Government	135,443		135,443
Public Safety	321,606		321,606
Public Works	39,306		39,306
Culture and Recreation	804,750		804,750
Capital Outlay		1,297,843	1,297,843
Total Cash Disbursements	<u>1,301,105</u>	<u>1,297,843</u>	<u>2,598,948</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	<u>639,997</u>	<u>(581,451)</u>	<u>58,546</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	455,280		455,280
Transfers Out	<u>(450,280)</u>		<u>(450,280)</u>
Total Other Financing Sources (Uses)	<u>5,000</u>	<u>0</u>	<u>5,000</u>
Net Change in Fund Balances	644,997	(581,451)	63,546
Fund Balances, Beginning of Year	<u>2,273,964</u>	<u>1,434,861</u>	<u>3,708,825</u>
Fund Balances, End of Year	<u><u>2,918,961</u></u>	<u><u>853,410</u></u>	<u><u>3,772,371</u></u>

LINCOLN COUNTY
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2016

SCHEDULE 3

	Highway Buyback	Special Road	Child Support Incentive	Visitor's Promotion	Visitor's Improvement
ASSETS					
Equity in Pooled Cash and Cash Equivalents	852,252	345,801	177,600	366,772	671,601
Designated Investments					
Total Assets	<u>852,252</u>	<u>345,801</u>	<u>177,600</u>	<u>366,772</u>	<u>671,601</u>
FUND BALANCES:					
Restricted	852,252		177,600	366,772	671,601
Assigned		345,801			
Total Fund Balances	<u>852,252</u>	<u>345,801</u>	<u>177,600</u>	<u>366,772</u>	<u>671,601</u>

	Register of Deeds P&M	Self Funded Insurance	Veteran's Aid	Federal Forfeitures	Victims Assistance
ASSETS					
Equity in Pooled Cash and Cash Equivalents	26,814	1,305		12,208	9,590
Designated Investments		118,534	43,704		
Total Assets	<u>26,814</u>	<u>119,839</u>	<u>43,704</u>	<u>12,208</u>	<u>9,590</u>
FUND BALANCES:					
Restricted	26,814		43,704	12,208	
Assigned		119,839			9,590
Total Fund Balances	<u>26,814</u>	<u>119,839</u>	<u>43,704</u>	<u>12,208</u>	<u>9,590</u>

	Keno Lottery	Juvenile Facility	Handicapped Accessibility	Total Nonmajor Special Revenue Funds (Schedule 1)
ASSETS				
Equity in Pooled Cash and Cash Equivalents	7,074	3,995	152,996	2,628,008
Designated Investments	128,715			290,953
Total Assets	<u>135,789</u>	<u>3,995</u>	<u>152,996</u>	<u>2,918,961</u>
FUND BALANCES:				
Restricted	135,789			2,286,740
Assigned		3,995	152,996	632,221
Total Fund Balances	<u>135,789</u>	<u>3,995</u>	<u>152,996</u>	<u>2,918,961</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, 2016

SCHEDULE 4

	Highway Buyback	Special Road	Child Support Incentive	Visitor's Promotion	Visitor's Improvement
CASH RECEIPTS					
Property Taxes		33,824			
Federal Grants		18,263	41,204		
Intergovernmental	307,045	17,254		491,641	479,716
Charges for Services					
Interest					
Miscellaneous				11,349	
Total Cash Receipts	<u>307,045</u>	<u>69,341</u>	<u>41,204</u>	<u>502,990</u>	<u>479,716</u>
CASH DISBURSEMENTS					
General Government					
Public Safety			55,427		
Public Works		39,306			
Culture and Recreation				689,650	115,100
Total Cash Disbursements	<u>0</u>	<u>39,306</u>	<u>55,427</u>	<u>689,650</u>	<u>115,100</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	<u>307,045</u>	<u>30,035</u>	<u>(14,223)</u>	<u>(186,660)</u>	<u>364,616</u>
OTHER FINANCING SOURCES (USES)					
Transfers In				450,280	
Transfers (Out)					(450,280)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>450,280</u>	<u>(450,280)</u>
Net Change in Fund Balances	307,045	30,035	(14,223)	263,620	(85,664)
Fund Balances, Beginning of Year	<u>545,207</u>	<u>315,766</u>	<u>191,823</u>	<u>103,152</u>	<u>757,265</u>
Fund Balances, End of Year	<u><u>852,252</u></u>	<u><u>345,801</u></u>	<u><u>177,600</u></u>	<u><u>366,772</u></u>	<u><u>671,601</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, 2016

SCHEDULE 4
CONTINUED

	Register of Deeds P&M	Self Funded Insurance	Veteran's Aid	Drug Law Enforcement	Federal Forfeitures
CASH RECEIPTS					
Property Taxes		138,420			
Federal Grants					
Intergovernmental		1,610			
Charges for Services	25,333				
Interest		8	16		
Miscellaneous					
Total Cash Receipts	25,333	140,038	16	0	0
CASH DISBURSEMENTS					
General Government	9,235	126,108			
Public Safety				897	20,621
Public Works					
Culture and Recreation					
Total Cash Disbursements	9,235	126,108	0	897	20,621
Excess of Cash Receipts Over (Under) Cash Disbursements	16,098	13,930	16	(897)	(20,621)
OTHER FINANCING SOURCES (USES)					
Transfers In					
Transfers (Out)					
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balances	16,098	13,930	16	(897)	(20,621)
Fund Balances, Beginning of Year	10,716	105,909	43,688	897	32,829
Fund Balances, End of Year	26,814	119,839	43,704	0	12,208

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, 2016

	Victims Assistance	Keno Lottery	Juvenile Facility	Handicapped Accessibility	SCHEDULE 4 CONCLUDED Total Nonmajor Special Revenue Funds (Schedule 2)
CASH RECEIPTS					
Property Taxes				65,617	237,861
Federal Grants	67,665				127,132
Intergovernmental Charges for Services			167,929	944	1,466,139
Interest		73,187			98,520
Miscellaneous	52	25			49
					11,401
Total Cash Receipts	67,717	73,212	167,929	66,561	1,941,102
CASH DISBURSEMENTS					
General Government		100			135,443
Public Safety	70,701		173,960		321,606
Public Works					39,306
Culture and Recreation					804,750
Total Cash Disbursements	70,701	100	173,960	0	1,301,105
Excess of Cash Receipts Over (Under) Cash Disbursements	(2,984)	73,112	(6,031)	66,561	639,997
OTHER FINANCING SOURCES (USES)					
Transfers In			5,000		455,280
Transfers (Out)					(450,280)
Total Other Financing Sources (Uses)	0	0	5,000	0	5,000
Net Change in Fund Balances	(2,984)	73,112	(1,031)	66,561	644,997
Fund Balances, Beginning of Year	12,574	62,677	5,026	86,435	2,273,964
Fund Balances, End of Year	9,590	135,789	3,995	152,996	2,918,961

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, 2016

SCHEDULE 5

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
HIGHWAY BUYBACK				
CASH RECEIPTS	284,761	284,761	307,045	22,284
CASH DISBURSEMENTS	829,968	829,968	0	829,968
Net Change in Fund Balance	(545,207)	(545,207)	307,045	852,252
Fund Balance, Beginning of Year	545,207	545,207	545,207	
Fund Balance, End of Year	0	0	852,252	852,252
SPECIAL ROAD				
CASH RECEIPTS	34,234	34,234	69,341	35,107
CASH DISBURSEMENTS	350,000	350,000	39,306	310,694
Net Change in Fund Balance	(315,766)	(315,766)	30,035	345,801
Fund Balance, Beginning of Year	315,766	315,766	315,766	
Fund Balance, End of Year	0	0	345,801	345,801
CHILD SUPPORT INCENTIVE				
CASH RECEIPTS	108,177	108,177	41,204	(66,973)
CASH DISBURSEMENTS	300,000	300,000	55,427	244,573
Net Change in Fund Balance	(191,823)	(191,823)	(14,223)	177,600
Fund Balance, Beginning of Year	191,823	191,823	191,823	
Fund Balance, End of Year	0	0	177,600	177,600
VISITOR'S PROMOTION				
CASH RECEIPTS	498,478	498,478	502,990	4,512
CASH DISBURSEMENTS	1,024,910	1,024,910	689,650	335,260
OTHER FINANCING SOURCES Operating Transfers In	450,280	450,280	450,280	0
Net Change in Fund Balance	(76,152)	(76,152)	263,620	339,772
Fund Balance, Beginning of Year	103,152	103,152	103,152	
Fund Balance, End of Year	27,000	27,000	366,772	339,772
VISITOR'S IMPROVEMENT				
CASH RECEIPTS	460,000	460,000	479,716	19,716
CASH DISBURSEMENTS	746,985	746,985	115,100	631,885
OTHER FINANCING (Uses): Operating Transfers (Out)	(450,280)	(450,280)	(450,280)	0
Net Change in Fund Balance	(737,265)	(737,265)	(85,664)	651,601
Fund Balance, Beginning of Year	757,265	757,265	757,265	
Fund Balance, End of Year	20,000	20,000	671,601	651,601

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, 2016

SCHEDULE 5
CONTINUED

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
REGISTER OF DEEDS P&M				
CASH RECEIPTS	25,000	25,000	25,333	333
CASH DISBURSEMENTS	35,716	35,716	9,235	26,481
Net Change in Fund Balance	(10,716)	(10,716)	16,098	26,814
Fund Balance, Beginning of Year	10,716	10,716	10,716	
Fund Balance, End of Year	0	0	26,814	26,814
SELF FUNDED INSURANCE				
CASH RECEIPTS	136,591	136,591	140,038	3,447
CASH DISBURSEMENTS	242,500	242,500	126,108	116,392
Net Change in Fund Balance	(105,909)	(105,909)	13,930	119,839
Fund Balance, Beginning of Year	105,909	105,909	105,909	
Fund Balance, End of Year	0	0	119,839	119,839
VETERAN'S AID				
CASH RECEIPTS	0	0	16	16
CASH DISBURSEMENTS	43,688	43,688		43,688
Net Change in Fund Balance	(43,688)	(43,688)	16	43,704
Fund Balance, Beginning of Year	43,688	43,688	43,688	
Fund Balance, End of Year	0	0	43,704	43,704
DRUG LAW ENFORCEMENT				
CASH RECEIPTS	155,203	155,203	0	(155,203)
CASH DISBURSEMENTS	150,000	150,000	897	149,103
Net Change in Fund Balance	5,203	5,203	(897)	(6,100)
Fund Balance, Beginning of Year	897	897	897	
Fund Balance, End of Year	6,100	6,100	0	(6,100)
FEDERAL FORFEITURES				
CASH RECEIPTS	167,171	167,171	0	(167,171)
CASH DISBURSEMENTS	200,000	200,000	20,621	179,379
Net Change in Fund Balance	(32,829)	(32,829)	(20,621)	12,208
Fund Balance, Beginning of Year	32,829	32,829	32,829	
Fund Balance, End of Year	0	0	12,208	12,208

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, 2016

SCHEDULE 5
CONCLUDED

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
VICTIMS ASSISTANCE				
CASH RECEIPTS	108,241	108,241	67,717	(40,524)
CASH DISBURSEMENTS	113,315	113,315	70,701	42,614
Net Change in Fund Balance	(5,074)	(5,074)	(2,984)	2,090
Fund Balance, Beginning of Year	12,574	12,574	12,574	
Fund Balance, End of Year	7,500	7,500	9,590	2,090
KENO LOTTERY				
CASH RECEIPTS	90,123	90,123	73,212	(16,911)
CASH DISBURSEMENTS	152,800	152,800	100	152,700
Net Change in Fund Balance	(62,677)	(62,677)	73,112	135,789
Fund Balance, Beginning of Year	62,677	62,677	62,677	
Fund Balance, End of Year	0	0	135,789	135,789
JUVENILE FACILITY				
CASH RECEIPTS	179,428	179,428	167,929	(11,499)
CASH DISBURSEMENTS	284,454	284,454	173,960	110,494
OTHER FINANCING SOURCES				
Operating Transfers In	100,000	100,000	5,000	(95,000)
Net Change in Fund Balance	(5,026)	(5,026)	(1,031)	3,995
Fund Balance, Beginning of Year	5,026	5,026	5,026	
Fund Balance, End of Year	0	0	3,995	3,995
HANDICAPPED ACCESSIBILITY				
CASH RECEIPTS	100,565	100,565	66,561	(34,004)
CASH DISBURSEMENTS	187,000	187,000	0	187,000
Net Change in Fund Balance	(86,435)	(86,435)	66,561	152,996
Fund Balance, Beginning of Year	86,435	86,435	86,435	
Fund Balance, End of Year	0	0	152,996	152,996
COURTHOUSE BUILDING				
CASH RECEIPTS	481,904	481,904	716,392	234,488
CASH DISBURSEMENTS	1,914,765	1,914,765	1,297,843	616,922
Net Change in Fund Balance	(1,432,861)	(1,432,861)	(581,451)	851,410
Fund Balance, Beginning of Year	1,434,861	1,434,861	1,434,861	
Fund Balance, End of Year	2,000	2,000	853,410	851,410

LINCOLN COUNTY, NEBRASKA
SCHEDULE OF OFFICE ACTIVITIES
For The Year Ended June 30, 2016

SCHEDULE 6

	<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, 2015	856	62,992	234,137	61,957	5,910
Receipts					
Licenses and Permits	5,715		19,176	25,370	
Charges for Services	4,809	264,398	54,332	931,051	25,005
Miscellaneous		14,248	1,024	92,549	12,195
State Fees		282,540	59,378		
Inmate Account				819,955	
Other Liabilities			3,460,533	25,177	18,419
Total Receipts	<u>10,524</u>	<u>561,186</u>	<u>3,594,443</u>	<u>1,894,102</u>	<u>55,619</u>
Disbursements					
Payments to County Treasurer	9,945	281,090	75,851	1,014,984	18,921
Payments to State Treasurer		295,218	58,844		
Inmate Account				811,868	
Other Liabilities			2,390,669	24,561	25,547
Total Disbursements	<u>9,945</u>	<u>576,308</u>	<u>2,525,364</u>	<u>1,851,413</u>	<u>44,468</u>
Balance June 30, 2016	<u>1,435</u>	<u>47,870</u>	<u>1,303,216</u>	<u>104,646</u>	<u>17,061</u>
BALANCE CONSISTS OF:					
Due to County Treasurer	1,435	24,312	4,548	71,199	15,269
Due to State Treasurer		23,558	4,588		
Petty Cash				2,000	1,597
Drug Fund					186
Inmate Account				30,209	
Due to Others			1,294,080	1,238	9
Balance June 30, 2016	<u>1,435</u>	<u>47,870</u>	<u>1,303,216</u>	<u>104,646</u>	<u>17,061</u>

LINCOLN COUNTY, NEBRASKA
SCHEDULE OF OFFICE ACTIVITIES
For The Year Ended June 30, 2016

**SCHEDULE 6
CONCLUDED**

	Noxious Weed	Veteran's Service Officer	County Assessor	Total
Balance July 1, 2015	29,891	1,742	151	397,636
Receipts				
Licenses and Permits				50,261
Charges for Services	53,484			1,333,079
Miscellaneous		1	574	120,591
State Fees				341,918
Inmate Account				819,955
Other Liabilities				3,504,129
Total Receipts	53,484	1	574	6,169,933
Disbursements				
Payments to County Treasurer	68,363		718	1,469,872
Payments to State Treasurer				354,062
Inmate Account				811,868
Other Liabilities				2,440,777
Total Disbursements	68,363	0	718	5,076,579
Balance June 30, 2016	15,012	1,743	7	1,490,990
BALANCE CONSISTS OF:				
Due to County Treasurer	15,012		7	131,782
Due to State Treasurer				28,146
Petty Cash				3,597
Drug Fund				186
Inmate Account				30,209
Due to Others		1,743		1,297,070
Balance June 30, 2016	15,012	1,743	7	1,490,990

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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

County Board of Commissioners
Lincoln County
North Platte, Nebraska 69101

Board Members:

I have audited, in accordance with the 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, Nebraska, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Lincoln County, Nebraska financial statements, and have issued my report thereon dated October 10, 2016. 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 my audit, I considered Lincoln County, Nebraska internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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, Nebraska internal control. Accordingly, I do not express an opinion on the effectiveness of Lincoln County, Nebraska internal control.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify certain deficiencies in internal control that I consider to be significant deficiencies. I consider the following deficiency to be a significant deficiency:

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*

Page 2

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lincoln County, Nebraska financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of finding and response as item 2016-001.

Response to Findings

Lincoln County, Nebraska management response to the findings identified in my audit is described above, and in the accompanying schedule of finding and response. Lincoln County, Nebraska responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly I express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Donald D. Wilson, CPA
McCook, Nebraska

October 10, 2016

LINCOLN COUNTY, NEBRASKA
SCHEDULE OF FINDING AND RESPONSE
YEAR ENDED JUNE 30, 2016

COUNTY TREASURER:

2016-001 Deposits Were Not Insured:

Nebraska State Statute §77-2318 states the county treasurer shall not have on deposit in any bank more money than the amount insured or guaranteed by the Federal Deposit Insurance Corporation, plus pledged securities issued by the depository.

The amount of deposits in Adams Bank and Trust held by the county treasurer exceeded FDIC coverage plus pledged securities from May 2016 through August 2016. The amount of deposits unprotected as of June 30, 2016 was \$13,936.

I recommend the county treasurer ensure that pledged securities from Adams Bank and Trust are adequate, and continually monitor all deposits to ensure that they are protected.

Official's Response:

I was told by Adams Bank & Trust that they would monitor the amount of deposits held by Lincoln County and make sure there was sufficient pledging to cover those deposits. After your audit I did contact the bank and they told me that they only monitor the accounts periodically, but would look at the account balances using the Electronic Deposit Insurance Estimator on the FDIC.GOV website. I have included copies of the report from the bank and they are showing that the Certificate of Deposit is separate from the two checking accounts. As you and I discussed, we think they should be added together and have one \$250,000 FDIC coverage.

To ensure that this oversight does not happen again and all deposits are protected, I will be requesting each month a report showing the total amount of all monies in the bank and the amount of pledged securities.