AUDIT REPORT
OF
LINCOLN COUNTY

JULY 1, 2021, THROUGH JUNE 30, 2022

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Issued on December 21, 2022

LINCOLN COUNTY

TABLE OF CONTENTS

	Page
List of County Officials	1
Financial Section	
Independent Auditor's Report	2 - 4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position - Cash Basis	5
Statement of Activities - Cash Basis	6
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds	7
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Governmental Funds	8
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Fiduciary Funds	9
Notes to Financial Statements	10 - 18
Combining Statements and Schedules:	
Budgetary Comparison Schedule - Budget and Actual - General Fund	19 - 20
Budgetary Comparison Schedule - Budget and Actual - Major Funds	21 - 22
Budgetary Comparison Schedule - Budget and Actual - Nonmajor Funds	23 - 26
Combining Statement of Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Nonmajor Funds	27 - 29
Schedule of Office Activities	30 - 31
Schedule of Taxes Certified and Collected for All Political Subdivisions in the County	32
Schedule of Expenditures of Federal Awards	33
Notes to the Schedule of Expenditures of Federal Awards	34
Government Auditing Standards Section	
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*	35 - 36
Report on Compliance for each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance	37 - 39
Schedule of Findings and Questioned Costs	40 - 43
Auditee Section	
Schedule of Prior Audit Findings	44
Corrective Action Plan	45

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

LIST OF COUNTY OFFICIALS
At June 30, 2022

Title	Name	Term Expires
Board of Commissioners	Chris Bruns	Jan. 2025
	Joe Hewgley	Jan. 2025
	Kent Weems	Jan. 2023
	Jerry Woodruff	Jan. 2025
	Micaela Wuehler	Jan. 2023
Assessor	Julie Stenger	Jan. 2023
Attorney	Rebecca Harling	Jan. 2023
Clerk Election Commissioner	Rebecca Rossell	Jan. 2023
Clerk of the District Court	Debra McCarthy	Jan. 2023
Public Defender	Robert Lindemeier	Jan. 2023
Register of Deeds	Lois Block	Jan. 2023
Sheriff	Jerome Kramer	Jan. 2023
Treasurer	Alex Gurciullo	Jan. 2023
Surveyor	Bonita Edwards	Jan. 2023
Veterans' Service Officer	Paul Cooper	Appointed
Weed Superintendent	Todd Herndon	Appointed
Highway Superintendent	Jason Schultz	Appointed
Planning & Zoning	Judy Clark	Appointed
Emergency Manager	Brandon Myers	Appointed

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LINCOLN COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Lincoln County, Nebraska

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lincoln County, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lincoln County as of June 30, 2022, and the respective changes in cash-basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, schedule of expenditures of Federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and schedule of taxes certified and collected, pages 19-33, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2022, on our consideration of Lincoln County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lincoln County's internal control over financial reporting and compliance.

Jeff Schreier, CPA
Audit Manager
Lincoln, Nebraska

December 12, 2022

LINCOLN COUNTY

STATEMENT OF NET POSITION - CASH BASIS

June 30, 2022

		Governmental Activities
ASSETS		
Cash and Cash Equivalents (Note 1.D)	$	25,675,557
Investments (Note 1.D)		2,994,865
TOTAL ASSETS	$	28,670,422
NET POSITION		
Restricted for:		
Visitor Promotion	$	1,273,597
Federal Relief		6,652,780
Drug Education		15,245
Law Enforcement		12,134
Preservation of Records		83,690
Debt Service		2,984,292
Road & Bridge Projects		2,314,805
Child Support Enforcement		86,681
Insurance		29,483
County Buildings		1,909,606
Unrestricted		13,308,109
TOTAL NET POSITION	$	28,670,422

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

LINCOLN COUNTY

STATEMENT OF ACTIVITIES - CASH BASIS

For the Year Ended June 30, 2022

Functions:	Cash Disbursements	Program Cash Receipts: Fees, Fines, and Charges for Services	Program Cash Receipts: Operating Grants and Contributions	Net (Disbursement) Receipts and Changes in Net Position
Governmental Activities:				
General Government	$ (10,555,214)	$ 2,255,539	$ 462,390	$ (7,837,285)
Public Safety	(7,721,572)	700,149	447,739	(6,573,684)
Public Works	(8,165,458)	14,517	4,519,799	(3,631,142)
Public Assistance	(503,279)	-	56,011	(447,268)
Culture and Recreation	(913,189)	-	22,495	(890,694)
Debt Payments	(7,266,136)	-	-	(7,266,136)
Capital Outlay	(1,275,183)	-	-	(1,275,183)
Total Governmental Activities	$ (36,400,031)	$ 2,970,205	$ 5,508,434	(27,921,392)

General Receipts:	
Taxes	20,375,879
Grants and Contributions Not Restricted to Specific Programs	5,177,531
Investment Income	83,266
Licenses and Permits	196,868
Proceeds from Sale of Bonds	4,489,650
Miscellaneous	210,562
Total General Receipts	30,533,756
Change in Net Position	2,612,364
Net Position - Beginning of year	26,058,058
Net Position - End of year	$ 28,670,422

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

LINCOLN COUNTY

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES

GOVERNMENTAL FUNDS

June 30, 2022

	General Fund	Road Fund	Inheritance Fund	American Rescue Plan Act Fund	Jail Bond Fund	Nonmajor Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents (Note 1.D)	$ 4,826,717	$ 941,742	$ 2,279,883	$ 6,652,780	$ 2,229,895	$ 8,744,540	$ 25,675,557
Investments (Note 1.D)	-	-	2,994,865	-	-	-	2,994,865
TOTAL ASSETS	$ 4,826,717	$ 941,742	$ 5,274,748	$ 6,652,780	$ 2,229,895	$ 8,744,540	$ 28,670,422
FUND BALANCES							
Restricted for:							
Visitor Promotion	-	-	-	-	-	1,273,597	1,273,597
Federal Relief	-	-	-	6,652,780	-	-	6,652,780
Drug Education	-	-	-	-	-	15,245	15,245
Law Enforcement	-	-	-	-	-	12,134	12,134
Preservation of Records	-	-	-	-	-	83,690	83,690
Debt Service	-	-	-	-	2,229,895	754,397	2,984,292
Road & Bridge Projects	-	-	-	-	-	2,314,805	2,314,805
Child Support Enforcement	-	-	-	-	-	86,681	86,681
Insurance	-	-	-	-	-	29,483	29,483
County Buildings	-	-	-	-	-	1,909,606	1,909,606
Committed to:							
Road Maintenance & Improvements	-	941,742	-	-	-	1,473,578	2,415,320
Aid and Assistance	-	-	-	-	-	45,685	45,685
Community Betterment	-	-	-	-	-	416,723	416,723
Juvenile Court Costs	-	-	-	-	-	17,472	17,472
Handicapped Accessibility	-	-	-	-	-	226,444	226,444
Insurance	-	-	-	-	-	85,000	85,000
Assigned to:							
Other Purposes	-	-	5,274,748	-	-	-	5,274,748
Unassigned	4,826,717	-	-	-	-	-	4,826,717
TOTAL CASH BASIS FUND BALANCES	$ 4,826,717	$ 941,742	$ 5,274,748	$ 6,652,780	$ 2,229,895	$ 8,744,540	$ 28,670,422

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

LINCOLN COUNTY

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

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2022

	General Fund	Road Fund	Inheritance Fund	American Rescue Plan Act Fund	Jail Bond Fund	Nonmajor Funds	Total Governmental Funds
RECEIPTS							
Taxes	$14,628,407	$ -	$1,440,785	$ -	$2,371,546	$1,935,141	$ 20,375,879
Licenses and Permits	196,868	-	-	-	-	-	196,868
Investment Income	77,603	-	-	-	667	4,996	83,266
Intergovernmental	2,413,745	4,130,429	-	3,390,818	228,988	521,985	10,685,965
Charges for Services	2,927,605	14,517	-	-	-	28,083	2,970,205
Miscellaneous	35,233	35,874	-	-	2,070	137,385	210,562
TOTAL RECEIPTS	20,279,461	4,180,820	1,440,785	3,390,818	2,603,271	2,627,590	34,522,745
DISBURSEMENTS							
General Government	9,273,297	-	834,660	-	-	447,257	10,555,214
Public Safety	7,672,353	-	-	-	-	49,219	7,721,572
Public Works	186,150	7,209,720	-	-	-	769,588	8,165,458
Public Assistance	374,424	-	-	128,855	-	-	503,279
Culture and Recreation	-	-	-	-	-	913,189	913,189
Debt Service:							
Principal Payments	-	-	-	-	6,309,650	625,000	6,934,650
Interest and Fiscal Charges	-	-	-	-	237,186	94,300	331,486
Capital Outlay	-	-	-	-	-	1,275,183	1,275,183
TOTAL DISBURSEMENTS	17,506,224	7,209,720	834,660	128,855	6,546,836	4,173,736	36,400,031
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	2,773,237	(3,028,900)	606,125	3,261,963	(3,943,565)	(1,546,146)	(1,877,286)
OTHER FINANCING SOURCES (USES)							
Transfers in	480,000	1,800,000	60,000	-	-	447,000	2,787,000
Transfers out	(1,945,000)	-	(500,000)	-	-	(342,000)	(2,787,000)
Proceeds from Sale of Bonds	-	-	-	-	4,489,650	-	4,489,650
TOTAL OTHER FINANCING SOURCES (USES)	(1,465,000)	1,800,000	(440,000)	-	4,489,650	105,000	4,489,650
Net Change in Fund Balances	1,308,237	(1,228,900)	166,125	3,261,963	546,085	(1,441,146)	2,612,364
CASH BASIS FUND BALANCES - BEGINNING	3,518,480	2,170,642	5,108,623	3,390,817	1,683,810	10,185,686	26,058,058
CASH BASIS FUND BALANCES - ENDING	$ 4,826,717	$ 941,742	$5,274,748	$6,652,780	$2,229,895	$8,744,540	$ 28,670,422

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

LINCOLN COUNTY

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

FIDUCIARY FUNDS

For the Year Ended June 30, 2022

	Custodial Fund Balances July 1, 2021	Receipts	Disbursements	Custodial Fund Balances June 30, 2022
ASSETS				
Cash and Cash Equivalents (Note 1.D)	$ 3,265,837	$ 90,351,285	$ 90,822,665	$ 2,794,457
Investments (Note 1.D)	25,000	20	-	25,020
TOTAL ASSETS	3,290,837	90,351,305	90,822,665	2,819,477
LIABILITIES				
Due to other governments				
State - Collected by County Treasurer	781,537	8,605,640	8,523,792	863,385
State - Collected by Other Offices	44,833	500,439	474,186	71,086
Schools	1,295,089	57,287,311	57,730,221	852,179
Educational Service Units	13,727	785,391	791,816	7,302
Technical College	69,057	3,920,782	3,953,527	36,312
Natural Resource Districts	34,051	3,160,152	3,170,362	23,841
Fire Districts	11,875	1,212,997	1,217,379	7,493
Municipalities	330,246	9,204,260	9,359,899	174,607
Agricultural Society	6,585	374,568	377,664	3,489
Drainage Districts	148,681	363,787	301,571	210,897
Cemetery Districts	45,848	118,174	107,106	56,916
Airport Authority	33,992	1,102,612	1,120,286	16,318
Hospital	523	59,156	59,378	301
Others - Collected by County Treasurer	9,513	1,102,729	1,113,652	(1,410)
Others - Collected by Other Offices	465,280	2,553,307	2,521,826	496,761
TOTAL LIABILITIES	3,290,837	90,351,305	90,822,665	2,819,477
TOTAL NET POSITION	$ -	$ -	$ -	$ -

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

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

Joint Organization.

Behavioral Health Region II - The County has entered into an agreement with surrounding counties and the Nebraska Department of Health and Human Services to provide services to carry out the provisions of the Nebraska Behavioral Health Services Act (Act). Agreements were established under the authority of the Interlocal Cooperation Act for services to be provided under the Act. Region II (Region) consists of the following counties: Grant, Hooker, Thomas, Arthur, McPherson, Logan, Keith, Lincoln, Perkins, Chase, Hayes, Frontier, Dawson, Gosper, Dundy, Hitchcock, and Red Willow.

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed $211,554 toward the operation of the Region during fiscal year 2022. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Department of Health and Human Services requires the Region to be audited annually in accordance with State statute. Financial information for the Region is available in those audit reports.

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

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

The Department's governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed $291,676 toward the operation of the Department during fiscal year 2022. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Supp. 2021). Financial information for the Department is available in that report.

B. Basis of Presentation

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

> **Restricted.** This category results when constraints are externally imposed on net asset use by creditors, grantors, or contributors, or imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources as they are needed.
>
> **Unrestricted.** This category represents resources that do not meet the definition of the preceding category. Unrestricted resources often have constraints on resources that are imposed by management, but those constraints can be removed or modified.

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

Fund Financial Statements. The fund financial statements provide information about the County's funds, including its fiduciary funds. GAAP requires separate statements by fund category – governmental, proprietary, and fiduciary. The County uses only the governmental and fiduciary fund categories. The County Board is the highest level of decision-making authority and has the authority, by resolution, to establish, modify or rescind the commitment or assignment of a fund balance to a specific purpose. When resources for a specific purpose are available in more than one fund balance classification, the County's policy is to use resources in the following order: restricted, committed, assigned, and unassigned. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds.

1. Summary of Significant Accounting Policies (Continued)

The County reports the following major governmental funds:

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

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

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

American Rescue Plan Act Fund. This fund is used to account for aid received from the Federal government through the American Rescue Plan Act and will be used as allowed by Federal regulations, and approved by the County Board.

Jail Bond Fund. This fund is used to account for the resources for, and the payment of, general long-term debt principal, interest, and related costs. During fiscal year 2022, this fund was also used to account for the refinancing of the Series 2017 Jail General Obligation Refunding Bonds.

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

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

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

Debt Service Funds. The Highway Road Bond Fund is used to account for the resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds. The Jail Building Fund accounts for all resources received and used for the acquisition or development of major capital improvements.

The County designates fund balances as follows:

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

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

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

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

C. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The accounting records of the County are maintained and the government-wide

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

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

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

D. Assets and Net Position

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

Investments. The types of investments in which the County is authorized to invest funds are enumerated in Neb. Rev. Stat. § 77-2315, § 77-2340, and § 77-2341 (Reissue 2018) and generally include U.S. Government obligations and securities, which are authorized by the Nebraska Investment Council.

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

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

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

Restricted Net Position. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports $15,362,313 of restricted net position which is fully restricted by enabling legislation.

1. Summary of Significant Accounting Policies (Concluded)

Budgetary Process. The County adopts an annual budget in accordance with the statutory requirements of the Nebraska Budget Act and County Budget Act of 1937. The budget is prepared on the cash receipts and disbursements basis of accounting. The budget contains only those receipts actually received by the County Treasurer. The County does not utilize an encumbrance accounting system. All appropriated spending authority lapses at the end of the fiscal year.

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

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

2. Deposits and Investments

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

At year end, the County's carrying amount of deposits was $25,675,557 for County funds and $2,794,457 for Fiduciary funds. The bank balances for all funds totaled $28,633,816. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2022, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

The County's carrying value of investments is stated at cost, which approximates market. Investments consisted of $2,994,865 in U.S. Government Securities. The U.S. Government Securities were held by the County or its agent in the name of the County. Additionally, $25,020 was deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a nine-member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participants' account. Net income that has accrued to each participant is converted at the close of business each calendar month into additional units, which thereafter are held in each participants' trust account. Since net income of the fund is allocated among participants each time net income is determined, the net asset value remains at $1.00 per unit. Securities held by NPAIT are not held in the County's name.

3. Taxes

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

3. Taxes (Concluded)

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

The levy set in October 2021, for the 2021 taxes, which will be materially collected in May and September 2022, was set at $.327911/$100 of assessed valuation. The levy set in October 2020, for the 2020 taxes, which were materially collected in May and September 2021, was set at $.349541/$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

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

The tax receipts classification also contains collections from the assessment of inheritance taxes, occupation taxes and lodging taxes.

4. Retirement System

The Retirement System for Nebraska Counties (Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2012, Cum. Supp. 2020, 2022 Neb. Laws LB 700, §§ 1-3) and may be amended through legislative action.

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

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

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

For the year ended June 30, 2022, 251 employees contributed $454,384, and the County contributed $673,369. Contributions included $16,419 in cash contributions towards the supplemental law enforcement plan for 27 law enforcement employees. Lastly, the County paid $1,563 directly to 22 retired employees for prior service benefits.

5. Risk Management

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

There were no significant reductions in insurance coverage from the prior year's coverage, and the County did not incur any expenses that exceeded the coverage amount for the year ended June 30, 2022.

6. Interfund Transfers

Interfund transfers for the year ended June 30, 2022, consisted of the following:

	Transfers from			
Transfers to	General Fund	Inheritance Fund	Nonmajor Funds	Total
General Fund	$	$ 480,000	$ -	$ 480,000
Road Fund	1,800,000	-	-	1,800,000
Inheritance Fund	60,000	-	-	60,000
Nonmajor Funds	85,000	20,000	342,000	447,000
Total	$ 1,945,000	$ 500,000	$ 342,000	$ 2,787,000

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

In the year ended June 30, 2022, the County made a one-time transfer of $342,000 from the Visitors Improvement Fund to the Visitors Promotion Fund to refund the portion of grants associated with improvement projects.

7. Long-Term Obligations

2022 Jail General Obligation Bond. The County issued bonds in March 2022, in the amount of $4,535,000 for the purpose of refunding Series 2017 Bonds, which were issued for the purpose of refunding Series 2012 Bonds, which were issued for the purpose of paying the costs of constructing a sheriff's office and county jail facility, as well as acquiring real estate. The bond payable balance, as of June 30, 2022, was $4,535,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Future tax resources will be used to pay off the bonds.

Future Payments:

Year	Principal	Interest	Total
2023	$ 555,000	$ 61,041	$ 616,041
2024	560,000	55,743	615,743
2025	565,000	49,271	614,271
2026	560,000	41,820	601,820
2027	565,000	33,663	598,663
2028-2030	1,730,000	45,547	1,775,547
Total Payments	$ 4,535,000	$ 287,085	$ 4,822,085

7. Long-Term Obligations (Concluded)

2020 Limited Tax County Building Bonds. The County issued bonds in January 2020, in the amount of $4,700,000 for the purpose of paying the costs of constructing additions and improvements to the County law enforcement building. The bond payable balance, as of June 30, 2022, was $2,900,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Future tax resources will be used to pay off the bonds.

Future Payments:

Year	Principal	Interest	Total
2023	$ 930,000	$ 97,400	$ 1,027,400
2024	965,000	59,500	1,024,500
2025	1,005,000	20,100	1,025,100
Total Payments	$ 2,900,000	$ 177,000	$ 3,077,000

2021 Jail General Obligation Bond. The County issued bonds in May 2021, in the amount of $3,530,000 for the purpose of refunding Series 2016 Bonds, which were issued for the purpose of redeeming Series 2011 bonds issued for the purpose of paying the costs of constructing a sheriff's office and County jail facilities, as well as acquiring real estate. The bond payable balance as of June 30, 2022, was $3,145,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Future tax resources will be used to pay off the bonds.

Future Payments:

Year	Principal	Interest	Total
2023	$ 385,000	$ 17,106	$ 402,106
2024	390,000	16,040	406,040
2025	395,000	14,764	409,764
2026	390,000	13,195	403,195
2027	390,000	11,245	401,245
2028-2030	1,195,000	16,544	1,211,544
Total Payments	$ 3,145,000	$ 88,894	$ 3,233,894

Highway Allocation Bond. The County issued bonds on May 1, 2019, in the amount of $3,270,000 for the purpose of making certain road improvements within the County. The bond payable balance as of June 30, 2022, was $2,035,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Future tax resources will be used to pay off the bonds.

Future Payments:

Year	Principal	Interest	Total
2023	$ 650,000	$ 68,400	$ 718,400
2024	680,000	41,800	721,800
2025	705,000	14,100	719,100
Total Payments	$ 2,035,000	$ 124,300	$ 2,159,300

8. Subsequent Event

Subsequent to the end of the fiscal year, the County Board approved claims totaling $4,750,000 out of the American Rescue Plan Act Fund to the North Platte Area Chamber of Commerce and Development Corporation Inc (Chamber). The County Board approved Resolution No. 2022-13 in July 2022 authorizing a $250,000 payment to the Chamber to be used toward the purchase of real property from Greenbrier Railcar Services for the express purpose of developing the Hershey Industrial Rail Park. In August 2022, the County Board and Chamber executed a Memorandum of Understanding providing for a $4,500,000 payment to the Chamber to be used to close on the sale of the Greenbrier Property. Upon closing of the property, the Chamber will enter into a 99-year lease agreement with the County, with the County making $1.00 annual lease payments. The intent of the County is to use the purchased property for the development of an Inland Port Authority as provided for in the Municipal Inland Port Authority Act.

9. Contingent Liabilities

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

LINCOLN COUNTY

BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	$ 15,163,600	$ 15,163,600	$ 14,628,407	$ (535,193)
Licenses and Permits	186,425	186,425	196,868	10,443
Investment Income	50,000	50,000	77,603	27,603
Intergovernmental	1,967,520	1,967,520	2,413,745	446,225
Charges for Services	3,261,075	3,261,075	2,927,605	(333,470)
Miscellaneous	35,747	35,747	35,233	(514)
TOTAL RECEIPTS	20,664,367	20,664,367	20,279,461	(384,906)
DISBURSEMENTS				
General Government:				
County Board	201,800	201,800	191,190	10,610
County Clerk	402,266	402,266	353,532	48,734
County Treasurer	475,100	475,100	418,413	56,687
Register of Deeds	206,665	206,665	166,290	40,375
County Assessor	563,260	563,260	494,023	69,237
Building and Zoning	44,745	44,745	41,919	2,826
Clerk of the District Court	358,345	358,345	274,984	83,361
County Court System	46,015	46,015	41,713	4,302
District Judge	72,200	72,200	62,365	9,835
Public Defender	625,694	625,694	568,642	57,052
Building and Grounds	424,000	424,000	365,776	58,224
Photostat Department	72,450	72,450	40,361	32,089
Agricultural Extension Agent	167,090	167,090	151,099	15,991
Information Technology	165,870	165,870	165,701	169
Advertising, Insurance & Bonds	3,633,450	3,633,450	2,328,271	1,305,179
Federal Payroll	592,000	592,000	573,249	18,751
Retirement - County Share	528,000	538,000	525,568	12,432
Employment Security	13,000	13,000	154	12,846
Grant Funds	1,396,215	1,396,215	898,758	497,457
Miscellaneous	2,177,630	2,167,630	1,611,289	556,341
Public Safety				
County Sheriff	2,565,400	2,565,400	2,421,358	144,042
County Attorney	770,700	770,700	746,026	24,674
Communication Center	176,150	176,150	157,290	18,860
County Jail	3,051,550	3,051,550	2,835,657	215,893
Emergency Management	897,624	897,624	481,696	415,928
Building and Grounds - Jail	204,100	204,100	194,132	9,968
Merit Commission	1,250	1,250	136	1,114
Child Support	374,135	374,135	314,152	59,983
District Probation Office	165,000	165,000	148,328	16,672
City-County Fund	463,704	463,704	357,539	106,165
Dive & Rescue Team	21,100	21,100	16,039	5,061

(Continued)

LINCOLN COUNTY

BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DISBURSEMENTS (Continued)				
Public Works				
County Surveyor	73,876	73,876	64,780	9,096
Noxious Weed Control	194,690	194,690	121,370	73,320
Public Assistance				
Veterans' Service Officer	92,070	92,070	85,375	6,695
Institutions	170,205	170,205	148,638	21,567
County Relief	131,670	131,670	77,481	54,189
Victim's Assistance Program	73,825	73,825	62,930	10,895
TOTAL DISBURSEMENTS	21,592,844	21,592,844	17,506,224	4,086,620
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(928,477)	(928,477)	2,773,237	3,701,714
OTHER FINANCING SOURCES (USES)				
Transfers in	420,000	420,000	480,000	60,000
Transfers out	(1,885,000)	(1,885,000)	(1,945,000)	(60,000)
TOTAL OTHER FINANCING SOURCES (USES)	(1,465,000)	(1,465,000)	(1,465,000)	-
Net Change in Fund Balance	(2,393,477)	(2,393,477)	1,308,237	3,701,714
FUND BALANCE - BEGINNING	3,518,477	3,518,477	3,518,480	3
FUND BALANCE - ENDING	$ 1,125,000	$ 1,125,000	$ 4,826,717	$ 3,701,717

(Concluded)

LINCOLN COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	$ 3,945,709	$ 3,945,709	$4,130,429	$ 184,720
Charges for Services	-	-	14,517	14,517
Miscellaneous	21,394	21,394	35,874	14,480
TOTAL RECEIPTS	3,967,103	3,967,103	4,180,820	213,717
DISBURSEMENTS	7,687,745	7,687,745	7,209,720	478,025
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(3,720,642)	(3,720,642)	(3,028,900)	691,742
OTHER FINANCING SOURCES (USES)				
Transfers in	1,800,000	1,800,000	1,800,000	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	1,800,000	1,800,000	1,800,000	-
Net Change in Fund Balance	(1,920,642)	(1,920,642)	(1,228,900)	691,742
FUND BALANCE - BEGINNING	2,170,642	2,170,642	2,170,642	-
FUND BALANCE - ENDING	$ 250,000	$ 250,000	$ 941,742	$ 691,742
INHERITANCE FUND				
RECEIPTS				
Taxes	$ 4,000	$ 4,000	$1,440,785	$ 1,436,785
TOTAL RECEIPTS	4,000	4,000	1,440,785	1,436,785
DISBURSEMENTS	3,732,623	3,732,623	834,660	2,897,963
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(3,728,623)	(3,728,623)	606,125	4,334,748
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	60,000	60,000
Transfers out	(480,000)	(480,000)	(500,000)	(20,000)
TOTAL OTHER FINANCING SOURCES (USES)	(480,000)	(480,000)	(440,000)	40,000
Net Change in Fund Balance	(4,208,623)	(4,208,623)	166,125	4,374,748
FUND BALANCE - BEGINNING	5,108,623	5,108,623	5,108,623	-
FUND BALANCE - ENDING	$ 900,000	$ 900,000	$5,274,748	$ 4,374,748

(Continued)

LINCOLN COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
AMERICAN RESCUE PLAN ACT FUND				
RECEIPTS				
Intergovernmental	$ 3,390,818	$ 3,390,818	$3,390,818	$ -
TOTAL RECEIPTS	3,390,818	3,390,818	3,390,818	-
DISBURSEMENTS	6,781,635	6,781,635	128,855	6,652,780
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(3,390,817)	(3,390,817)	3,261,963	6,652,780
FUND BALANCE - BEGINNING	3,390,817	3,390,817	3,390,817	-
FUND BALANCE - ENDING	$ -	$ -	$6,652,780	$ 6,652,780
JAIL BOND FUND				
RECEIPTS				
Taxes	$ 2,500,000	$ 2,500,000	$2,371,546	$ (128,454)
Investment Income	-	-	667	667
Intergovernmental	20,220	20,220	228,988	208,768
Miscellaneous	-	-	2,070	2,070
TOTAL RECEIPTS	2,520,220	2,520,220	2,603,271	83,051
DISBURSEMENTS	4,204,030	8,744,030	6,546,836	2,197,194
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(1,683,810)	(6,223,810)	(3,943,565)	2,280,245
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Bonds	-	4,540,000	4,489,650	(50,350)
TOTAL OTHER FINANCING SOURCES (USES)	-	4,540,000	4,489,650	(50,350)
Net Change in Fund Balance	(1,683,810)	(1,683,810)	546,085	2,229,895
FUND BALANCE - BEGINNING	1,683,810	1,683,810	1,683,810	-
FUND BALANCE - ENDING	$ -	$ -	$2,229,895	$ 2,229,895

(Concluded)

LINCOLN COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
HIGHWAY BUYBACK FUND				
Receipts	$ 364,270	$ 364,270	$ 364,147	$ (123)
Disbursements	(2,857,509)	(2,857,509)	(542,580)	2,314,929
Net Change in Fund Balance	(2,493,239)	(2,493,239)	(178,433)	2,314,806
Fund Balance - Beginning	2,493,239	2,493,239	2,493,238	(1)
Fund Balance - Ending	$ -	$ -	$ 2,314,805	$ 2,314,805
SPECIAL ROAD FUND				
Receipts	$ -	$ -	$ 25,347	$ 25,347
Disbursements	(1,381,039)	(1,381,039)	(585)	1,380,454
Net Change in Fund Balance	(1,381,039)	(1,381,039)	24,762	1,405,801
Fund Balance - Beginning	1,381,039	1,381,039	1,381,038	(1)
Fund Balance - Ending	$ -	$ -	$ 1,405,800	$ 1,405,800
ROAD IMPROVEMENT FUND				
Receipts	$ -	$ -	$ -	$ -
Disbursements	(169,206)	(169,206)	(101,428)	67,778
Net Change in Fund Balance	(169,206)	(169,206)	(101,428)	67,778
Fund Balance - Beginning	169,206	169,206	169,206	-
Fund Balance - Ending	$ -	$ -	$ 67,778	$ 67,778
CHILD SUPPORT INCENTIVE FUND				
Receipts	$ 73,815	$ 73,815	$ 42,198	$ (31,617)
Disbursements	(154,000)	(154,000)	(35,702)	118,298
Net Change in Fund Balance	(80,185)	(80,185)	6,496	86,681
Fund Balance - Beginning	80,185	80,185	80,185	-
Fund Balance - Ending	$ -	$ -	$ 86,681	$ 86,681
VISITORS PROMOTION FUND				
Receipts	$ 873,077	$ 873,077	$ 677,240	$ (195,837)
Disbursements	(1,528,790)	(1,528,790)	(881,776)	647,014
Transfers in	345,230	345,230	342,000	(3,230)
Transfers out	-	-	-	-
Net Change in Fund Balance	(310,483)	(310,483)	137,464	447,947
Fund Balance - Beginning	360,483	360,483	360,482	(1)
Fund Balance - Ending	$ 50,000	$ 50,000	$ 497,946	$ 447,946

(Continued)

LINCOLN COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VISITORS IMPROVEMENT FUND				
Receipts	$ 365,580	$ 365,580	$ 590,036	$ 224,456
Disbursements	(579,378)	(579,378)	(31,413)	547,965
Transfers in	-	-	-	-
Transfers out	(345,230)	(345,230)	(342,000)	3,230
Net Change in Fund Balance	(559,028)	(559,028)	216,623	775,651
Fund Balance - Beginning	559,028	559,028	559,028	-
Fund Balance - Ending	$ -	$ -	$ 775,651	$ 775,651
PRESERVATION & MODERNIZATION FUND				
Receipts	$ 29,000	$ 29,000	$ 28,083	$ (917)
Disbursements	(108,704)	(108,704)	(24,097)	84,607
Net Change in Fund Balance	(79,704)	(79,704)	3,986	83,690
Fund Balance - Beginning	79,704	79,704	79,704	-
Fund Balance - Ending	$ -	$ -	$ 83,690	$ 83,690
SELF-FUNDED INSURANCE FUND				
Receipts	$ 107	$ 107	$ 358	$ 251
Disbursements	(260,000)	(260,000)	(145,768)	114,232
Transfers in	85,000	85,000	85,000	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(174,893)	(174,893)	(60,410)	114,483
Fund Balance - Beginning	174,893	174,893	174,893	-
Fund Balance - Ending	$ -	$ -	$ 114,483	$ 114,483
VETERANS' AID FUND				
Receipts	$ -	$ -	$ 8	$ 8
Disbursements	(45,677)	(45,677)	-	45,677
Net Change in Fund Balance	(45,677)	(45,677)	8	45,685
Fund Balance - Beginning	45,677	45,677	45,677	-
Fund Balance - Ending	$ -	$ -	$ 45,685	$ 45,685
COUNTY DRUG LAW ENFORCEMENT & EDUCATION FUND				
Receipts	$ 117,938	$ 117,938	$ 2,138	$ (115,800)
Disbursements	(125,000)	(125,000)	(55)	124,945
Net Change in Fund Balance	(7,062)	(7,062)	2,083	9,145
Fund Balance - Beginning	13,162	13,162	13,162	-
Fund Balance - Ending	$ 6,100	$ 6,100	$ 15,245	$ 9,145

(Continued)

LINCOLN COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
FEDERAL FORFEITURE FUND				
Receipts	$ 162,866	$ 162,866	$ -	$ (162,866)
Disbursements	(175,000)	(175,000)	-	175,000
Net Change in Fund Balance	(12,134)	(12,134)	-	12,134
Fund Balance - Beginning	12,134	12,134	12,134	-
Fund Balance - Ending	$ -	$ -	$ 12,134	$ 12,134
KENO LOTTERY FUND				
Receipts	$ 64,921	$ 64,921	$ 71,738	$ 6,817
Disbursements	(535,000)	(535,000)	(125,095)	409,905
Net Change in Fund Balance	(470,079)	(470,079)	(53,357)	416,722
Fund Balance - Beginning	470,079	470,079	470,080	1
Fund Balance - Ending	$ -	$ -	$ 416,723	$ 416,723
JUVENILE FACILITY FUND				
Receipts	$ -	$ -	$ -	$ -
Disbursements	(70,934)	(70,934)	(13,462)	57,472
Transfers in	60,000	60,000	20,000	(40,000)
Transfers out	-	-	-	-
Net Change in Fund Balance	(10,934)	(10,934)	6,538	17,472
Fund Balance - Beginning	10,934	10,934	10,934	-
Fund Balance - Ending	$ -	$ -	$ 17,472	$ 17,472
HANDICAPPED ACCESSIBILITY FUND				
Receipts	$ -	$ -	$ -	$ -
Disbursements	(226,443)	(226,443)	-	226,443
Net Change in Fund Balance	(226,443)	(226,443)	-	226,443
Fund Balance - Beginning	226,443	226,443	226,444	1
Fund Balance - Ending	$ -	$ -	$ 226,444	$ 226,444
COURTHOUSE BUILDING FUND				
Receipts	$ 1,999	$ 1,999	$ 28,652	$ 26,653
Disbursements	(2,158,245)	(2,158,245)	(277,292)	1,880,953
Net Change in Fund Balance	(2,156,246)	(2,156,246)	(248,640)	1,907,606
Fund Balance - Beginning	2,158,246	2,158,246	2,158,246	-
Fund Balance - Ending	$ 2,000	$ 2,000	$ 1,909,606	$ 1,907,606

(Continued)

LINCOLN COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
JAIL BUILDING FUND				
Receipts	$ -	$ -	$ -	$ -
Disbursements	(1,275,182)	(1,275,182)	(1,275,183)	(1)
Net Change in Fund Balance	(1,275,182)	(1,275,182)	(1,275,183)	(1)
Fund Balance - Beginning	1,275,182	1,275,182	1,275,183	1
Fund Balance - Ending	$ -	$ -	$ -	$ -
HIGHWAY ROAD BOND FUND				
Receipts	$ 755,500	$ 755,500	$ 797,645	$ 42,145
Disbursements	(1,431,552)	(1,431,552)	(719,300)	712,252
Net Change in Fund Balance	(676,052)	(676,052)	78,345	754,397
Fund Balance - Beginning	676,052	676,052	676,052	-
Fund Balance - Ending	$ -	$ -	$ 754,397	$ 754,397

(Concluded)

LINCOLN COUNTY

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

NONMAJOR FUNDS

For the Year Ended June 30, 2022

	Highway Buyback Fund	Special Road Fund	Road Improvement Fund	Child Support Incentive Fund	Visitors Promotion Fund	Visitors Improvement Fund
RECEIPTS						
Taxes	$ -	$ 17	$ -	$ -	$ 590,037	$ 590,036
Investment Income	-	-	-	-	-	-
Intergovernmental	364,147	25,330	-	42,198	22,495	-
Charges for Services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	64,708	-
TOTAL RECEIPTS	364,147	25,347	-	42,198	677,240	590,036
DISBURSEMENTS						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	35,702	-	-
Public Works	542,580	585	101,428	-	-	-
Culture and Recreation	-	-	-	-	881,776	31,413
Debt Service:						
Principal Payments	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
TOTAL DISBURSEMENTS	542,580	585	101,428	35,702	881,776	31,413
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(178,433)	24,762	(101,428)	6,496	(204,536)	558,623
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	342,000	-
Transfers out	-	-	-	-	-	(342,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	342,000	(342,000)
Net Change in Fund Balances	(178,433)	24,762	(101,428)	6,496	137,464	216,623
FUND BALANCES - BEGINNING	2,493,238	1,381,038	169,206	80,185	360,482	559,028
FUND BALANCES - ENDING	$ 2,314,805	$ 1,405,800	$ 67,778	$ 86,681	$ 497,946	$ 775,651
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	497,946	775,651
Drug Education	-	-	-	-	-	-
Law Enforcement	-	-	-	-	-	-
Preservation of Records	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Road & Bridge Projects	2,314,805	-	-	-	-	-
Child Support Enforcement	-	-	-	86,681	-	-
Insurance	-	-	-	-	-	-
County Buildings	-	-	-	-	-	-
Committed to:						
Road Maintenance & Improvements	-	1,405,800	67,778	-	-	-
Aid and Assistance	-	-	-	-	-	-
Community Betterment	-	-	-	-	-	-
Juvenile Court Costs	-	-	-	-	-	-
Handicapped Accessibility	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
TOTAL FUND BALANCES	$ 2,314,805	$ 1,405,800	$ 67,778	$ 86,681	$ 497,946	$ 775,651

(Continued)

LINCOLN COUNTY

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

NONMAJOR FUNDS

For the Year Ended June 30, 2022

	Preservation & Modernization Fund	Self-Funded Insurance Fund	Veterans' Aid Fund	County Drug Law Enforcement & Education Fund	Federal Forfeiture Fund	Keno Lottery Fund
RECEIPTS						
Taxes	$ -	$ 92	$ -	$ -	$ -	$ -
Investment Income	-	266	8	-	-	1,199
Intergovernmental	-	-	-	-	-	-
Charges for Services	28,083	-	-	-	-	-
Miscellaneous	-	-	-	2,138	-	70,539
TOTAL RECEIPTS	28,083	358	8	2,138	-	71,738
DISBURSEMENTS						
General Government	24,097	145,768	-	-	-	100
Public Safety	-	-	-	55	-	-
Public Works	-	-	-	-	-	124,995
Culture and Recreation	-	-	-	-	-	-
Debt Service:						
Principal Payments	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
TOTAL DISBURSEMENTS	24,097	145,768	-	55	-	125,095
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	3,986	(145,410)	8	2,083	-	(53,357)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	85,000	-	-	-	-
Transfers out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	85,000	-	-	-	-
Net Change in Fund Balances	3,986	(60,410)	8	2,083	-	(53,357)
FUND BALANCES - BEGINNING	79,704	174,893	45,677	13,162	12,134	470,080
FUND BALANCES - ENDING	$ 83,690	$ 114,483	$ 45,685	$ 15,245	$ 12,134	$ 416,723
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	-
Drug Education	-	-	-	15,245	-	-
Law Enforcement	-	-	-	-	12,134	-
Preservation of Records	83,690	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Road & Bridge Projects	-	-	-	-	-	-
Child Support Enforcement	-	-	-	-	-	-
Insurance	-	29,483	-	-	-	-
County Buildings	-	-	-	-	-	-
Committed to:						
Road Maintenance & Improvements	-	-	-	-	-	-
Aid and Assistance	-	-	45,685	-	-	-
Community Betterment	-	-	-	-	-	416,723
Juvenile Court Costs	-	-	-	-	-	-
Handicapped Accessibility	-	-	-	-	-	-
Insurance	-	85,000	-	-	-	-
TOTAL FUND BALANCES	$ 83,690	$ 114,483	$ 45,685	$ 15,245	$ 12,134	$ 416,723

(Continued)

LINCOLN COUNTY

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

NONMAJOR FUNDS

For the Year Ended June 30, 2022

	Juvenile Facility Fund	Handicapped Accessibility Fund	Courthouse Building Fund	Jail Building Fund	Highway Road Bond Fund	Total Nonmajor Funds
RECEIPTS						
Taxes	$ -	$ -	$ 25,338	$ -	$ 729,621	$ 1,935,141
Investment Income	-	-	3,202	-	321	4,996
Intergovernmental	-	-	112	-	67,703	521,985
Charges for Services	-	-	-	-	-	28,083
Miscellaneous	-	-	-	-	-	137,385
TOTAL RECEIPTS	-	-	28,652	-	797,645	2,627,590
DISBURSEMENTS						
General Government	-	-	277,292	-	-	447,257
Public Safety	13,462	-	-	-	-	49,219
Public Works	-	-	-	-	-	769,588
Culture and Recreation	-	-	-	-	-	913,189
Debt Service:						
Principal Payments	-	-	-	-	625,000	625,000
Interest and Fiscal Charges	-	-	-	-	94,300	94,300
Capital Outlay	-	-	-	1,275,183	-	1,275,183
TOTAL DISBURSEMENTS	13,462	-	277,292	1,275,183	719,300	4,173,736
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(13,462)	-	(248,640)	(1,275,183)	78,345	(1,546,146)
OTHER FINANCING SOURCES (USES)						
Transfers in	20,000	-	-	-	-	447,000
Transfers out	-	-	-	-	-	(342,000)
TOTAL OTHER FINANCING SOURCES (USES)	20,000	-	-	-	-	105,000
Net Change in Fund Balances	6,538	-	(248,640)	(1,275,183)	78,345	(1,441,146)
FUND BALANCES - BEGINNING	10,934	226,444	2,158,246	1,275,183	676,052	10,185,686
FUND BALANCES - ENDING	$ 17,472	$ 226,444	$ 1,909,606	$ -	$ 754,397	$ 8,744,540
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	1,273,597
Drug Education	-	-	-	-	-	15,245
Law Enforcement	-	-	-	-	-	12,134
Preservation of Records	-	-	-	-	-	83,690
Debt Service	-	-	-	-	754,397	754,397
Road & Bridge Projects	-	-	-	-	-	2,314,805
Child Support Enforcement	-	-	-	-	-	86,681
Insurance	-	-	-	-	-	29,483
County Buildings	-	-	1,909,606	-	-	1,909,606
Committed to:						
Road Maintenance & Improvements	-	-	-	-	-	1,473,578
Aid and Assistance	-	-	-	-	-	45,685
Community Betterment	-	-	-	-	-	416,723
Juvenile Court Costs	17,472	-	-	-	-	17,472
Handicapped Accessibility	-	226,444	-	-	-	226,444
Insurance	-	-	-	-	-	85,000
TOTAL FUND BALANCES	$ 17,472	$ 226,444	$ 1,909,606	$ -	$ 754,397	$ 8,744,540

(Concluded)

LINCOLN COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2022

	County Clerk	Register of Deeds	Clerk of the District Court	County Sheriff	County Attorney	Weed Superintendent	Highway Superintendent
BALANCES JULY 1, 2021	$ 976	$ 70,060	$ 410,119	$ 186,152	$ 10,435	$ 24,246	$ -
RECEIPTS							
Taxes	-	-	-	76,835	-	-	-
Licenses and Permits	5,350	-	-	-	-	-	650
Intergovernmental	-	-	-	53,752	-	-	-
Charges for Services	8,145	345,337	80,462	715,011	5,985	52,437	-
Miscellaneous	-	-	-	5,030	1,408	-	34,648
State Fees	-	438,216	62,223	-	-	-	-
Other Liabilities	-	39	1,603,993	947,179	1,891	-	-
TOTAL RECEIPTS	13,495	783,592	1,746,678	1,797,807	9,284	52,437	35,298
DISBURSEMENTS							
Payments to County Treasurer	13,383	342,716	86,082	870,902	14,939	54,033	35,298
Payments to State Treasurer	-	408,666	65,520	-	-	-	-
Petty Cash & Other Payments	-	-	-	3,030	1,408	-	-
Other Liabilities	-	39	1,558,409	960,997	2,176	-	-
TOTAL DISBURSEMENTS	13,383	751,421	1,710,011	1,834,929	18,523	54,033	35,298
BALANCES JUNE 30, 2022	$ 1,088	$ 102,231	$ 446,786	$ 149,030	$ 1,196	$ 22,650	$ -
BALANCES CONSIST OF:							
Due to County Treasurer	$ 1,038	$ 35,150	$ 7,270	$ 85,560	$ 196	$ 22,650	$ -
Petty Cash	50	-	220	2,000	1,000	-	-
Due to State Treasurer	-	67,081	4,005	-	-	-	-
Due to Others	-	-	435,291	61,470	-	-	-
BALANCES JUNE 30, 2022	$ 1,088	$ 102,231	$ 446,786	$ 149,030	$ 1,196	$ 22,650	$ -

(Continued)

LINCOLN COUNTY

SCHEDULE OF OFFICE ACTIVITIES

For the Year Ended June 30, 2022

	Veterans' Service Officer	County Extension	County Visitors' Center	County Planning & Zoning	County Dive Rescue Team	County Assessor	Total
BALANCES JULY 1, 2021	$ 21,332	$ 100	$ 100	$ -	$ 105	$ -	$ 723,625
RECEIPTS							
Taxes	-	-	-	-	-	-	76,835
Licenses and Permits	-	-	-	9,512	-	-	15,512
Intergovernmental	-	-	-	-	-	-	53,752
Charges for Services	-	-	-	-	-	-	1,207,377
Miscellaneous	6	69	64,508	-	-	81	105,750
State Fees	-	-	-	-	-	-	500,439
Other Liabilities	-	-	205	-	-	-	2,553,307
TOTAL RECEIPTS	6	69	64,713	9,512	-	81	4,512,972
DISBURSEMENTS							
Payments to County Treasurer	-	-	64,608	9,512	-	81	1,491,554
Payments to State Treasurer	-	-	-	-	-	-	474,186
Petty Cash & Other Payments	802	69	-	-	46	-	5,355
Other Liabilities	-	-	205	-	-	-	2,521,826
TOTAL DISBURSEMENTS	802	69	64,813	9,512	46	81	4,492,921
BALANCES JUNE 30, 2022	$ 20,536	$ 100	$ -	$ -	$ 59	$ -	$ 743,676
BALANCES CONSIST OF:							
Due to County Treasurer	$ 20,536	$ -	$ -	$ -	$ 59	$ -	$ 172,459
Petty Cash	-	100	-	-	-	-	3,370
Due to State Treasurer	-	-	-	-	-	-	71,086
Due to Others	-	-	-	-	-	-	496,761
BALANCES JUNE 30, 2022	$ 20,536	$ 100	$ -	$ -	$ 59	$ -	$ 743,676

(Concluded)

LINCOLN COUNTY

SCHEDULE OF TAXES CERTIFIED AND COLLECTED

FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY

June 30, 2022

Item	2017	2018	2019	2020	2021
Tax Certified by Assessor					
Real Estate	$ 68,528,741	$ 69,429,897	$ 70,980,731	$ 72,733,684	$ 73,653,268
Personal and Specials	4,879,359	5,045,336	4,950,819	5,109,487	5,083,309
Total	73,408,100	74,475,233	75,931,550	77,843,171	78,736,577
Corrections					
Additions	20,306	33,561	58,688	11,866	14,132
Deductions	(12,512)	(15,250)	(72,157)	(24,877)	(17,381)
Net Additions/ (Deductions)	7,794	18,311	(13,469)	(13,011)	(3,249)
Corrected Certified Tax	73,415,894	74,493,544	75,918,081	77,830,160	78,733,328
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2018	44,321,990	-	-	-	-
June 30, 2019	29,048,827	43,719,192	-	-	-
June 30, 2020	28,661	30,736,145	44,793,092	-	-
June 30, 2021	13,097	22,983	31,070,570	47,445,424	-
June 30, 2022	2,011	10,068	41,288	30,365,095	50,408,792
Total Net Collections	73,414,586	74,488,388	75,904,950	77,810,519	50,408,792
Total Uncollected Tax	$ 1,308	$ 5,156	$ 13,131	$ 19,641	$ 28,324,536
Percentage Uncollected Tax	0.00%	0.01%	0.02%	0.03%	35.98%

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

LINCOLN COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Entity Identifying Number		Total Federal Expenditures	Provided to Subrecipients
DEPARTMENT OF HOMELAND SECURITY					
Passed through Nebraska Military Department					
Emergency Management Performance Grants	97.042	20-SR 31033-01 21-GA 31033-03		$ 67,612	$ -
COVID-19 - Emergency Management Performance Grants	97.042	21-GA 31033-04		12,076	-
Total - Emergency Management Performance Grants				79,688	-
Homeland Security Grant Program	97.067	21-SR 8733-01		165,937	50,406
Total U.S. Department of Homeland Security				245,625	50,406
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Passed through Nebraska Department of Health and Human Services					
Child Support Enforcement	93.563	52098 Y3 51449 Y3	*	326,297	-
Total U.S. Department of Health and Human Services				326,297	-
DEPARTMENT OF TRANSPORTATION					
Passed through Nebraska Department of Transportation					
Highway Safety Cluster					
State and Community Highway Safety	20.600	405D-21-51-25		11,998	-
National Priority Safety Programs	20.616	6ZBF5		40,747	-
Total Highway Safety Cluster				52,745	-
Total U.S. Department of Transportation				52,745	-
DEPARTMENT OF JUSTICE					
COVID-19 - Coronavirus Emergency Supplemental Funding	16.034	Not Applicable		49,740	-
Passed through Nebraska Commission on Law Enforcement and Criminal Justice					
Crime Victim Assistance	16.575	141-2022-VA1047		63,013	-
Total U.S. Department of Justice				112,753	-
DEPARTMENT OF THE TREASURY					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not Applicable	*	128,855	-
Total U.S. Department of the Treasury				128,855	-
TOTAL EXPENDITURES OF FEDERAL AWARDS				$ 866,275	$ 50,406

* Represents Major Program

See accompanying Notes to the Schedule of Expenditures of Federal Awards

LINCOLN COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2022

1. Basis of Presentation

The accompanying schedule of expenditures of Federal awards (Schedule) includes the Federal award activity of Lincoln County (County) under programs of the Federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Lincoln County, it is not intended to and does not present the financial position or changes in net assets of the County. The County's reporting entity is defined in Note 1.A. to the County's financial statements. Federal awards received directly from Federal agencies, as well as those passed through other government agencies, are included in the Schedule. Unless otherwise noted on the Schedule, all programs are received directly from the respective Federal agency.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Lincoln County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

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LINCOLN COUNTY

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

Board of Commissioners
Lincoln County, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lincoln County, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 12, 2022. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.

Report on Internal Control Over Financial Reporting

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

Our 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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We consider the following deficiency in the County's internal control to be a significant deficiency:

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

County Response: The County has discussed the finding but must consider the cost of adequate segregation of duties when determining the use of tax money.

Report on Compliance and Other Matters

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

Additional Items

We also noted certain matters that we reported to the management of Lincoln County in a separate letter dated December 12, 2022.

Lincoln County's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the County's response to the finding identified in our audit and described previously. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Jeff Schreier, CPA
Audit Manager
Lincoln, Nebraska

December 12, 2022

NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

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LINCOLN COUNTY
REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

Board of Commissioners
Lincoln County, Nebraska

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program
We have audited Lincoln County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Lincoln County's major Federal programs for the year ended June 30, 2022. Lincoln County's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Lincoln County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2022

Basis for Opinion on Each Major Federal Program
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Lincoln County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major Federal program. Our audit does not provide a legal determination of Lincoln County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance
Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Lincoln County's Federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Lincoln County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Lincoln County's compliance with the requirements of each major Federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Lincoln County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Lincoln County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Lincoln County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as Finding #2022-002. Our opinion on each major Federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Lincoln County's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. Lincoln County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Lincoln County is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Lincoln County's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be significant deficiency.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompany Schedule of Findings and Questioned Costs as Finding #2022-002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Lincoln County's response to the internal control over compliance finding identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. Lincoln County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Lincoln County is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Lincoln County's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

December 12, 2022

Jeff Schreier, CPA
Audit Manager
Lincoln, Nebraska

LINCOLN COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2022

Section I – Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with cash basis of accounting:	**Unmodified**			
Internal control over financial reporting:				
Material weaknesses identified?	___	Yes	X	None Reported
Significant deficiencies identified?	X	Yes	___	No
Noncompliance material to financial statements noted?	___	Yes	X	None Reported

Federal Awards

Internal control over major programs:				
Material weaknesses identified?	___	Yes	X	None Reported
Significant deficiencies identified?	X	Yes	___	None Reported
Type of auditor's report issued on compliance for major programs:	**Unmodified**			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	X	Yes	___	No

Major programs: **COVID-19 - Coronavirus State and Local Fiscal Recovery Funds: AL #21.027**
Child Support Enforcement: AL #93.563

Dollar threshold used to distinguish between type A and type B programs:	$750,000			
Auditee qualified as low-risk auditee?	___	Yes	X	No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II – Financial Statement Findings

Finding # 2022-001

Condition - There is a lack of segregation of accounting functions among various County offices and personnel. This is a continuing item from the prior year.

Criteria - Authorization or approval of transactions, recording of transactions, and custody of assets should normally be segregated from each other.

Context - Various County offices collect money; most of those offices employ one or two individuals. The offices remit the money to the County Treasurer.

Effect - This lack of segregation of duties results in an inadequate overall internal control structure design.

Cause - The County does not employ sufficient office personnel to segregate accounting functions properly.

Recommendation - 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 the improper segregation of accounting functions.

View of Officials - The County has discussed the finding but must consider the cost of adequate segregation of duties when determining the use of tax money.

Section III – Federal Award Findings and Questioned Costs

Finding # 2022-002

Program - AL #21.027 – COVID-19 Coronavirus State and Local Fiscal Recovery Funds - Reporting

Grant Number & Year - SLFRP2949, FFY 2021

Federal Grantor Agency - U.S. Department of the Treasury

Criteria - Title 2 of the U.S. Code of Federal Regulations (CFR) § 200.303 (January 1, 2022) states the following, in relevant part:

The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in ''Standards for Internal Control in the Federal Government'' issued by the Comptroller General of the United States or the ''Internal Control Integrated Framework'', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The U.S. Department of the Treasury adopted the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in 2 CFR § 1000.10 (January 1, 2022), which states the following:

Except for the deviations set forth elsewhere in this Part, the Department of the Treasury adopts the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, set forth at 2 CFR part 200.

The U.S. Department of the Treasury issued "Compliance and Reporting Guidance" and frequently asked questions, which specify the reporting requirements related to Coronavirus State and Local Fiscal Recovery Funds. Such guidance required the completion of a Project and Expenditure Report by April 30, 2022.

A good internal control plan includes establishing effective internal controls through written policies and procedures to ensure Federal reporting requirements are completed accurately. Such plan should include, among other things, appropriate training on Federal reporting requirements and require a documented, detailed review of each report to be completed by a knowledgeable individual, who did not prepare the report, prior to submission.

Condition - Lincoln County did not implement effective internal controls to ensure that the reporting requirements of the Coronavirus State and Local Fiscal Recovery Funds were completed accurately. Consequently, the Project and Expenditure report submitted on April 29, 2022, did not contain accurate information.

Repeat Finding - No

Questioned Costs - None

Statistical Sample - No

Context - Lincoln County improperly reported Total Cumulative Expenditures and Total Cumulative Obligations as $6,781,635; however, the correct Total Cumulative Expenditures and Total Cumulative Obligations were $88,754.

Additionally, all expenditures were reported under one project, using the project expenditure category of revenue replacement and project expenditure subcategory as provision of government services.

Based on the expenditures made by Lincoln County, it appears more appropriate for the County to have reported two projects. The first project provided $83,351 to local non-profit organizations to support their food pantry operations. As such, it appears a project category of negative economic impacts and a project subcategory of aid to nonprofit organizations would be more appropriate. The second project included administrative expenses totaling $5,403. As such, it appears a project category of Administrative and project subcategory of Administrative Expenses would be more appropriate.

Cause - Lack of procedures and knowledge relating to Federal reporting requirements

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Concluded)

Effect - Inaccurate information was reported to the U.S. Department of the Treasury on the April 2022 Project and Expenditure report. Additionally, the County is not in compliance with the reporting requirements set by the U.S Department of the Treasury.

Recommendation - We recommend Lincoln County establish written policies and procedures to ensure Federal reporting requirements are completed accurately. Such procedures should include, among other things, appropriate training on Federal reporting requirements and a documented review by a knowledgeable individual who was not involved in the preparation of the report.

View of Officials - The Lincoln County Board of Commissioners will discuss establishing a policy for reporting requirements. They will also discuss who will file reports for the county going forward and perhaps someone to review the document before submission who is not involved in the preparation of the report.

Board of Commissioners *Lincoln County, Nebraska*

Joseph R. Hewgley
Kent Weems
Micaela M. Wuehler
Christopher D. Bruns
Jerry Woodruff

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SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2022

Finding 2021-1 (Since 2020) Segregation of Duties

Status: On-going

Reason for Recurrence: The County has discussed the finding but must consider the cost of adequate segregation of duties when determining the use of tax money.

Board of Commissioners *Lincoln County, Nebraska*

JOSEPH R. HEWGLEY
KENT C. WEEMS
MICAELA M. WUEHLER
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CORRECTIVE ACTION PLAN

Year Ended June 30, 2022

The corrective action plan for the findings included in the Schedule of Findings and Questioned Costs are summarized as follows:

Finding 2022-001: Segregation of Duties

Corrective Action Planned:

The County has discussed the finding but must consider the cost of adequate segregation of duties when determining the use of tax money.

Anticipated Completion Date:

Ongoing

Responsible Party:

Christopher Bruns, Lincoln County Board Chairman

Finding 2022-002: Coronavirus State and Local Fiscal Recovery Funds Reporting

Corrective Action Planned:

The Lincoln County Board of Commissioners will discuss establishing a policy for reporting requirements. They will also discuss who will file reports for the county going forward and perhaps someone to review the document before submission who is not involved in the preparation of the report.

Anticipated Completion Date:

Ongoing – preferably by the next reporting date in April 2023

Responsible Party:

Christopher D. Bruns, Lincoln County Board Chairman

NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
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December 12, 2022

Board of Commissioners
Lincoln County, Nebraska

Dear Commissioners:

We have audited the basic financial statements of Lincoln County (County) for the fiscal year ended June 30, 2022, and have issued our report thereon dated December 12, 2022. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

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

COUNTY TREASURER

Cash Items

A "cash item" represents money that has been receipted by the County Treasurer into the accounting records; however, the County Treasurer has not actually received the money from the customer.

During our review of cash items, we noted that, if a customer's property tax payment was not adequate to cover at least one-half of the property taxes due, the County Treasurer would still apply the payment to the amount owed in the system. The County Treasurer would then create a cash item for the remaining balance due as the money actually received was not sufficient to cover the amount applied in the system. By allowing this process, the County Treasurer was effectively providing an interest free loan to the taxpayer until the full amount due was received.

Based on our review, it appears this process was used for $16,782 of underpayments during the fiscal year ended June 30, 2022. We verified all of these underpayments were later paid to the County Treasurer and deposited in the County Treasurer's bank accounts.

Neb. Rev. Stat. § 77-204 (Reissue 2018) allows for the payment of property taxes in two one-half installments, as follows:

> *One-half of the taxes due under section 77-203 shall become delinquent on May 1 and the second half on September 1 next following the date the taxes become due, except that in counties having a population of more than one hundred thousand, the first half shall become delinquent April 1 and the second half August 1 next following the date the taxes become due.*

As such, the County Treasurer must receive at least one-half of the property taxes owed before the payment can be applied in the accounting system.

Pursuant to Neb. Rev. Stat. § 77-1704.02 (Reissue 2018), if at least one-half of the property taxes due is not paid, a County Board may authorize the acceptance of partial payments to be held in escrow by the County Treasurer until the accumulated payments are sufficient to pay at least one-half of the taxes due. No such partial payment procedures were followed by the County Treasurer.

Further, good internal controls require procedures to ensure that property taxes are not noted as being paid in the accounting system until at least one-half of the property taxes due is received by the County Treasurer.

Without such procedures, there is an increased risk of loss, misuse, or theft of funds. Additionally, as noted previously, this practice effectively provided interest free loans to the taxpayers until the remaining balances due were subsequently paid.

> We recommend that the County Treasurer cease applying payments to property taxes due unless at least one-half of the total amount due is received. If a partial payment is received, we recommend it is refunded to the taxpayer, or the County Board authorizes the acceptance of partial payments to be held in escrow pursuant to § 77-1704.02.

Accounting Procedures

During the audit, the following was noted regarding the County Treasurer's accounting procedures:

- Several financial transactions were coded incorrectly in the accounting system, as follows:

    - Interfund transfers in, totaling $845,000, were recorded to the miscellaneous revenue account code instead of the proper transfer in account code.

    - Interfund transfers out, totaling $60,000, were recorded improperly to the miscellaneous revenue account code instead of the proper disbursement account code. The County Clerk is responsible for recording the detail of disbursements, including transfers out.

    - $49,740 was originally receipted to the Inheritance Fund instead of the General Fund. When attempting to correct this receipt, the County Treasurer recorded the journal entry as a disbursement from the Inheritance Fund, instead of reversing the original receipt. Consequently, both receipts and disbursements were overstated in the Inheritance Fund. Additionally, this receipt was improperly recorded to the miscellaneous revenue account code in the General Fund, instead of properly using a federal revenue account code.

      Corrections were made during the preparation of the financial statements for these errors.

- $1,684 was held in the State General Fund (Fund 6001) as of June 30, 2022. This balance has accumulated over the last three years, and it represents 1957 In-Lieu taxes that should have been remitted previously to the State Treasurer. The County Treasurer appears to have been unaware of the need to remit these funds to the State Treasurer.

- There was a variance of $52 between the total balance on the June 30, 2022, Daily Balance Sheet and the total fund balances recorded in the accounting system. This is due to $52 having been included in the Partial Payment Fund balance in the accounting system but not included on the Daily Balance Sheet.

- $40 was held in the State Highway Trust Fund (Fund 6005) as of June 30, 2022. This balance dates back to October 2019, when a former County Treasurer remitted funds to the State Treasurer but recorded improperly the $40 disbursement to different funds instead of Fund 6005. The other funds were corrected; however, the County Treasurer failed to correct Fund 6005.

Neb. Rev. Stat. § 70-651.01 (Reissue 2018) states the following:

> *Every public power district or public power and irrigation district owning property with respect to which it made payments in lieu of taxes in the 1957 calendar year, shall, so long as it continues to own such property, continue to pay annually the same amounts in the same manner. The directors of any such district shall not have any personal liability by reason of such payments made either before or after September 28, 1959.*

Neb. Rev. Stat. § 70-651.02 (Reissue 2018) states the following:

> *The officer receiving payment under section 70-651.01 shall distribute to the state and to each governmental subdivision of the state entitled thereto a part of such payment equivalent to that part of the payment which it received in 1957 in lieu of taxes for property located within its boundaries. The payment may be used for such purposes as the governing body of the state or governmental subdivision prescribes.*

(Emphasis added.) Good internal controls and sound business practices require procedures to ensure that financial activity is coded correctly in the accounting system, and fund balances are reviewed for accuracy and are routinely compared to the Daily Balance Sheet, with any variances investigated and resolved in a timely manner. Further, good internal controls require 1957 In-Lieu taxes to be remitted to the State in a timely manner.

Without such procedures, there is an increased risk for not only the financial statements to contain a material misstatement that remains undetected but also the loss, misuse, or theft of public funds, as well as noncompliance with State statute.

> We recommend the County Treasurer implement procedures to ensure that financial activity is coded correctly in the accounting system, and fund balances are reviewed for accuracy and are routinely compared to the Daily Balance Sheet, with any variances investigated and resolved in a timely manner. We further recommend the County Treasurer implement procedures to ensure that 1957 In-Lieu taxes are remitted to the State Treasurer in a timely manner.

Bank Charges & Interest Earnings

In the fiscal year ending June 30, 2022, the County Treasurer was charged a monthly $250 bank service charge. Instead of submitting a claim to the County Board to pay these charges, the County Treasurer netted the charges against the monthly interest earnings when recording these transactions in the accounting records. Due to this practice, the County Treasurer did not receipt $3,000 of interest earned during the year, and $3,000 was not recorded as disbursed by the County nor included in the County budget. The County Board also did not approve these payments.

Additionally, interest earned on two certificates of deposit, totaling $1,559, had not been receipted by the County Treasurer as of June 30, 2022.

Neb. Rev. Stat. § 23-1601(1) (Supp. 2021) states the following:

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

Good internal controls and sound business practices require procedures to ensure that all interest earned by the County Treasurer is receipted properly and timely into the accounting system. Further, good internal controls require procedures to ensure that all disbursements are approved by the County Board, in accordance with State statute, and reflected properly in the County budget.

Without such procedures, there is an increased risk for the loss, misuse, or theft of County funds and financial records of the County not properly reflecting all cash receipts and disbursements.

> We recommend the County Treasurer implement procedures to ensure that all interest earned by the County Treasurer is receipted properly and timely into the accounting system. We further recommend that the County Treasurer implement procedures to ensure that all disbursements, including bank charges, are approved by the County Board, in accordance with State statute, and reflected properly in the County budget.

Negative Fund Balance

During our review of the County's fund balances as of June 30, 2022, we noted that the County Treasurer's Redemption Holding Fund was overdrawn and had a negative $2,673 fund balance. According to the County Treasurer, this negative fund balance was due to taxes that were sold improperly at the annual tax sale held by the County Treasurer. After this error was identified by the County Treasurer, the improperly sold taxes were refunded to the purchaser from the Redemption Holding Fund. However, as described previously, there was not sufficient money available in the Redemption Holding Fund to issue this payment.

The County Treasurer lacks authority to pay out more money than is available in any particular fund. Instead, Neb. Rev. Stat. § 77-2203 (Reissue 2018) requires the County Treasurer to register the warrant until sufficient money is available in the fund. Specifically, § 77-2203 provides the following:

> *Whenever a warrant is presented for payment to any such treasurer and there is not sufficient money on hand to the credit of the proper fund to pay the same, it shall be the duty of every such treasurer to enter such warrant in his warrant register for payment in the order of its presentation, and upon every warrant so presented and registered, he shall endorse registered for payment, with the date of registration, and shall sign such endorsement.*

Additionally, good internal controls and sound accounting practices require procedures to ensure that all funds held by the County Treasurer are sufficient to cover disbursements, or the warrants are registered in accordance with § 77-2203 and not paid until sufficient money is available in the fund to issue payment.

Without such procedures, there is an increased risk for not only loss, theft, or misuse of funds but also noncompliance with State statute. Additionally, by allowing negative fund balances, the County Treasurer effectively provided an interest free loan to whoever was responsible for repaying the negative balance.

> We recommend the County Treasurer implement procedures to ensure adequate funds are available before making disbursements from any fund. If sufficient funds are not available, the County Treasurer should contact whoever is responsible for the funds and either make the necessary arrangements to cover the required disbursements or register warrants as needed until sufficient money is available in the fund to issue payment.

5% Gross In-Lieu Distribution

We tested the County Treasurer's distribution of 5% Gross In-Lieu taxes and noted that the calculation was incorrect for two of the three public power districts tested. The errors noted were a result of failure by the County Treasurer to include the levy of the County Highway/Road Bond Fund.

The following table contains the total over and underpayments noted for each entity:

Entity	Over/(Under) Payment
Lincoln County	$ (864)
Sutherland Public Schools	$ 639
Village of Sutherland	$ 200
Maywood Public Schools	$ 21
Village of Wellfleet	$ 4

Neb. Rev. Stat. § 70-651.04 (Reissue 2018) states the following, in relevant part:

> *All payments which are based on retail revenue from each incorporated city or village shall be divided and distributed by the county treasurer to that city or village, to the school districts located in that city or village, to any learning community located in that city or village for payments distributed prior to September 1, 2017, and to the county in which may be located any such incorporated city or village in the proportion that their respective property tax levies in the preceding year bore to the total of such levies . . . .*

Additionally, good internal controls require procedures to ensure that the distribution of 5% Gross In-Lieu taxes is calculated in accordance with State statute and includes all levies of the County.

Without such procedures, there is an increased risk of not only political subdivisions not receiving the appropriate amount of funding but also loss or misuse of funds.

> We recommend the County Treasurer correct the erroneous distributions. Additionally, we recommend the County Treasurer implement procedures to ensure future distributions are calculated correctly and in compliance with State statute.

Fines & Licenses Distribution

The County Treasurer's distributions of fines and license money were incorrect for January through June 2022. The County Treasurer failed to update the student census numbers used in the distribution calculation after new student census reports were released by the Nebraska Department of Education. Consequently, the various school districts in the County did not receive the correct amount of funding, as detailed in the following table:

School	Over (Under) Payment
Arnold Public Schools	$ 89
Gothenburg Public Schools	$ 7
Maywood Public Schools	$ 16
Eustis-Farnam Public Schools	$ (29)
Medicine Valley Public Schools	$ 32
Paxton Consolidated Schools	$ 1
North Platte Public Schools	$ 1,205
Brady Public Schools	$ 81
Maxwell Public Schools	$ (986)
Hershey Public Schools	$ (248)
Sutherland Public Schools	$ 156
Wallace Public Schools	$ (192)
Stapleton Public Schools	$ 66
McPherson County Schools	$ (198)

Neb. Rev. Stat. § 79-1037 (Reissue 2014) provides the following:

(1) Each county treasurer shall add (a) all money received by the county treasurer of his or her county on account of fines and licenses, (b) the proceeds from the sale of schoolhouses, sites, or other property of a school district, and (c) all unexpended balances of proceeds of taxes levied by a district when the district has been taken by the United States for any defense, flood control, irrigation, or war project.

(2) The sum total referred to in subsection (1) of this section shall be distributed to the several districts of the county pro rata according to the enumeration of those children who are five through eighteen years of age for which the district is obligated to report on the census last returned by the districts.

Additionally, good internal controls require procedures to ensure the County Treasurer updates the distribution calculation properly once updated student census numbers are released by the Nebraska Department of Education.

Without such procedures, there is an increased risk of school districts not receiving the appropriate amount of funding, leading to possible loss or misuse of funds.

> We recommend the County Treasurer correct the erroneous distributions noted. We further recommend the County Treasurer implement procedures to ensure the distribution calculation is updated properly once updated student census numbers are released by the Nebraska Department of Education.

School District Treasurer Surety Bond

For one school district located in the County, a current surety bond was not on file with the County Treasurer.

Neb. Rev. Stat. § 11-107 (Reissue 2012) states the following:

The official bonds of all county, precinct and township officers shall be approved by the county board, except the official bonds of the county commissioners or supervisors, which shall be approved by the county judge. All such bonds shall be filed and recorded in the office of the county clerk, except the bonds of the county clerk and members of the county board, which shall be filed and recorded in the office of the county judge. The official bond of a school district treasurer must be approved by the president and secretary, and filed in the office of the treasurer of the county.

(Emphasis added.) Neb. Rev. Stat. § 23-1601(4)(c) (Supp. 2021) states the following:

If a school district treasurer has not filed an official bond pursuant to section 11-107 or evidence of equivalent insurance coverage, the county treasurer may hold funds collected or received for the school district until such time as the bond or evidence of equivalent insurance coverage has been filed.

Good internal controls require procedures to ensure that all surety bonds are on file with the County Treasurer, as required by State statute.

Without such procedures, there is an increased risk of non-compliance with State statute.

> We recommend the County Treasurer implement procedures to ensure that all surety bonds are on file, as required by State statute.

COUNTY ATTORNEY

Attorney Accounting Procedures

During our audit, we noted the following issues regarding the County Attorney's accounting procedures:

- The Drug Fund bank account had an unknown balance of $187, and the County Attorney was unable to identify to whom these funds were owed.

- The Bad Check Restitution bank account had an unknown balance of $9, and the County Attorney was unable to identify to whom these funds were owed.

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

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

A similar comment was included in the prior year's audit.

> We recommend the County Attorney implement monthly fund-balancing procedures to ensure the performance of regular asset-to-liability reconciliations and to ensure that the County Attorney is able to identify to whom all money held by the office is owed. Such procedures should also include the timely identification and resolution of all variances noted and the maintenance of proper documentation to support correct balances.

COUNTY BOARD

Duplicate Payment

During the audit, we noted that one pair of claims, totaling $1,009, were duplicate payments. A summary of this duplicate payment is provided in the table below:

Payee	Duplicate Amount	Original Claim		Duplicate Claim	
		Date	Claim #	Date	Claim #
The Home Depot Pro	$ 1,009	6/20/2022	222868	6/27/2022	223036

Both claims were submitted by the County Jail. The County was unable to provide supporting documentation that a credit or refund had been received for the duplicate payment.

Good internal controls and sound business practices require procedures for reviewing all claims prior to approval to ensure that they are not duplicate payments.

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

A similar comment was included in the prior year's audit.

> We recommend the County Board implement procedures to ensure that all claims are reviewed adequately prior to approval to ensure they are not duplicate payments.

Claims Issues

The following issues were noted during our testing of claims approved and paid by the County Board:

- Claim 213626 to US Bank included a late payment charge of $70 due to failure to pay the credit card billing on time.

- Claims 222706 and 223039 did not include itemized receipts to substantiate the items purchased with a County credit card. Claim 222706 included a charge at Old Chicago in Kearney, NE, for $39, and claim 223039 included a charge at Wahlburgers in Kearney, NE, for $39. Both claims were supported only by a credit card receipt that did not itemize the items purchased.

- On six claims tested, sales tax, totaling $86, was paid. Neb. Rev. Stat. § 77-2704.15(1)(a) (2022 Neb. Laws, LB 800, § 343) exempts the County from paying sales tax.

Neb. Rev. Stat. § 13-610(4) (Reissue 2012) states the following:

> *An itemized receipt for purposes of tracking expenditures shall accompany all purchasing card purchases. In the event that a receipt does not accompany such a purchase, purchasing card privileges shall be temporarily or permanently suspended in accordance with rules and regulations adopted and promulgated by the political subdivision.*

Section 77-2704.15(1)(a) provides the following, in relevant part:

> *Sales and use taxes shall not be imposed on the gross receipts from the sale, lease, or rental of and the storage, use, or other consumption in this state of purchases by the state, including public educational institutions recognized or established under the provisions of Chapter 85, or by any county . . . .*

(Emphasis added.) Good internal controls and sound business practices require procedures to ensure the following: 1) payments are made timely to avoid unnecessary late fees; 2) itemized receipts are provided to support all payments made; and 3) unnecessary payment of sales tax is avoided whenever reasonably possible.

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

> We recommend the County Board implement procedures to ensure: 1) payments are made timely to avoid unnecessary late fees; 2) itemized receipts are provided to support all payments made; and 3) unnecessary payment of sales tax is avoided whenever reasonably possible.

Retirement Party

We noted that the County reimbursed an employee $256 for items purchased for a retirement party. However, such an expenditure does not appear to have been made in compliance with the requirements of the Local Government Miscellaneous Expenditure Act (Act), which is set out at Neb. Rev. Stat. §§ 13-2201 to 13-2204 (Reissue 2012, Cum. Supp. 2020)

Specifically, Neb. Rev. § 13-2203 (Cum. Supp. 2020) of the Act provides the following, in relevant part:

> *In addition to other expenditures authorized by law, each governing body may approve:*
>
> * * * *
>
> *(3) The expenditure of public funds for plaques, certificates of achievement, or items of value awarded to elected or appointed officials, employees, or volunteers, including persons serving on local government boards or commissions. Before making any such expenditure, the governing body shall, by official action after a public hearing, establish a uniform policy which sets a dollar limit on the value of any plaque, certificate of achievement, or item of value to be awarded. Such policy, following its initial adoption, shall not be amended or altered more than once in any twelve-month period.*

(Emphasis added.) Even if the reimbursement at issue could be said to have fallen within the allowable expenditures specified above, the County Board failed to establish, "by official action after a public hearing," the requisite "uniform policy" needed to set "a dollar limit on the value" of the purchase.

Good internal controls and sound business practices require the County Board to adhere to the requirements of the Act when making any expenditure for congratulatory purposes.

Without such procedures, there is an increased risk for not only failure to comply with State statute but also loss or misuse of County funds.

We recommend the County Board implement a formal policy, as required by § 13-2203(3), prior to making any future expenditures for items of value awarded to employees.

Menards Rebate Policy

Menards, a home improvement retail company frequented by County employees to purchase supplies needed for their official duties, offers 11% rebates. We noted that the County lacked a formal policy and review procedures for ensuring that rebates earned on County purchases at Menard's were not used by County employees for personal gain. During the fiscal year ending June 30, 2022, the County paid claims totaling $16,058 to Menards. It should be noted that the amount actually paid to Menards is higher because this total does not include purchases made using County credit cards. We did not review all credit card statements to determine the total payments to Menards via credit card.

It is important to realize that Neb. Rev. Stat. § 49-14,101.01 (Reissue 2021), which is found in the Nebraska Political Accountability and Disclosure Act, provides the following, in relevant part:

(1) A public official or public employee shall not use or authorize the use of his or her public office or any confidential information received through the holding of a public office to obtain financial gain, other than compensation provided by law, for himself or herself, a member of his or her immediate family, or a business with which the individual is associated.

(2) A public official or public employee shall not use or authorize the use of personnel, resources, property, or funds under his or her official care and control other than in accordance with prescribed constitutional, statutory, and regulatory procedures or use such items, other than compensation provided by law, for personal financial gain.

A public employee who utilizes his or her official position and knowledge of the Menards rebate program – as well as actually redeems the rebate itself, which constitutes County property – for personal gain does so in apparent conflict with the above statutory prohibitions. This makes all the more essential a formal policy and review procedures to help forestall the possibility of a public employee engaging in such improper activity.

Additionally, good internal controls and sound business practices require a formal policy and review procedures to ensure that vendor rebates earned on purchases made with County funds are tracked properly and used only for the benefit of the County, not personally by County employees.

Without such a formal policy and review procedures, there is an increased risk of County employees using rebates earned from purchases made with County funds for personal gain, resulting in not only loss, theft, or misuse of County funds but also violation of State statute.

We recommend the County implement a formal policy and review procedures to ensure vendor rebates earned on purchases made with County funds are tracked properly and used only for the benefit of the County.

COUNTY CLERK OF THE DISTRICT COURT

Review of Overdue Case Account Report

We tested 10 overdue balances owed to the District Court, totaling $14,125, and noted that none of those balances had subsequent action taken to ensure their collection and/or resolution. For all 10 balances, there has been no activity in at least four years. The last activity noted on these cases ranged from 2000 to 2017. As of August 31, 2022, the Overdue Case Account Report contained 2,712 overdue criminal case balances, totaling $625,187. Of the cases in the report, only 12 cases, totaling $9,563, were flagged as having a bankruptcy, suspension, or warrant.

Sound accounting practices and good internal controls require procedures to ensure that the Overdue Case Account Report is reviewed on an ongoing, timely basis to determine what action should be taken to collect or otherwise resolve the overdue balances listed therein. Such review and follow-up should be adequately documented.

Without such procedures, there is an increased risk that overdue balances may either not have proper follow-up action taken timely, resulting in the District Court not collecting all funds owed to it, or have been resolved previously and should no longer be reflected as overdue in the accounting system.

A similar comment was included in the prior year's audit.

> We recommend the District Court implement procedures to ensure that the Overdue Case Account Report is reviewed on an ongoing, timely basis, and such review is documented adequately. Potential courses of action for follow-up on overdue case balances would include the issuance of warrants, a judge's determination, and order to waive certain costs, if allowable, or a declaration of certain balances as being uncollectible.

COUNTY DIVE TEAM

Bank Account Maintained

During the audit, we noted that the Lincoln County Dive Rescue Team, created for the purpose of rescuing drowning victims and recovering lost property, had a bank account to which prior-year donations were deposited and from which payments were made without County Board approval. During the year, one disbursement of $46 was paid from, and no deposits were made into, the account. The balance at fiscal year-end was $59.

We noted further that this bank account was created using the County's tax identification number, but no County employees were authorized signers on the account. Additionally, no account activity reports were provided to the County Board or County Treasurer.

Neb. Rev. Stat. § 23-1601(1) (Cum. Supp. 2021) states the following:

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

Furthermore, sound accounting practices and good internal controls require procedures to ensure that designated County personnel are authorized signers on any bank account utilizing the County's tax identification number, and the County Board or County Treasurer is apprised of such account's activity.

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

A similar comment was noted in the prior year's audit.

> We recommend the implementation of procedures to ensure that designated County personnel are authorized signers on any bank account utilizing the County's tax identification number, and the County Board or County Treasurer is apprised of such account's activity.

COUNTY SHERIFF

Sheriff Accounting Procedures

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

- A monthly asset-to-liability reconciliation was not performed for five of seven bank accounts maintained by the County Sheriff, resulting in an unknown overage in the following accounts.

Account	Overage Held
Fee Account	$ 3,221
Execution Account	$ 3
Civil Process Account	$ 2,984
Inmate Account	$ 21,609
Distress Warrant Account	$ 155
Total	**$ 27,972**

  Other than approved petty cash funds, all money received by the County Sheriff is owed to other parties. As such, all money received by the County Sheriff should be paid out to the appropriate parties in a timely manner, and no unknown overages should be maintained in the County Sheriff's accounts.

- A Balance Sheet Report was run from the County Sheriff's Inmate Accounting System for June 30, 2022; however, the report appears inaccurate. For example, the report listed $13,332 as being due to Lattice, the former inmate phone provider. The amount was also noted on the prior-year report, but no amount was actually owed to Lattice. Therefore, we are unable to rely on the Balance Sheet Report from the County Sheriff's Inmate Accounting System to determine the proper recipients of the balances in the account.

- An accurate monthly bank reconciliation was not performed for the County Sheriff's Inmate Fund bank account due to two checks, totaling $56, not being included on the outstanding checks listing.

- The County Sheriff remitted fees collected to the County Treasurer but not fees earned, as required by Neb. Rev. Stat. § 33-117(3) (Reissue 2016).

Section 33-117(3) states the following:

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

Good internal controls and sound accounting practices require procedures to ensure: 1) adequate reconciliation and balancing methods are utilized for all accounts, including procedures to ensure office assets (cash on hand, reconciled bank balance, accounts receivable, etc.) are in agreement with office liabilities (fee and trust accounts) on at least a monthly basis; 2) any variances noted during the reconciliation process are identified and resolved in a timely fashion; 3) proper documentation is maintained to support correct account balances; and 4) fees earned are remitted to the County Treasurer.

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

A similar comment was included in the prior year's audit.

We recommend the County Sheriff implement procedures to ensure that asset-to-liability reconciliations are performed for all accounts. Such procedures should also include the timely identification and resolution of all variances noted and the maintenance of proper documentation to support correct balances. We further recommend the County Sheriff review all funds held and remit excess funds to the appropriate parties, as well as ensure all fees collected or earned are handled in accordance with State statute.

Petty Cash

During the audit, we noted the following issues with the County Sheriff's petty cash fund:

- The County Sheriff has an authorized petty cash fund of $1,000 for Sheriff's fees and miscellaneous expenses; however, the County Sheriff does not keep an accurate log or other records showing the disbursement and reimbursement activity in the fund. As of June 30, 2022, an unknown shortage of $495 was noted that could not be explained by the County Sheriff's office.

- During testing, we noted that two petty cash reimbursements included the payment of sales tax, totaling $13. The County is exempt from paying State sales tax.

Neb. Rev. Stat. § 77-2704.15(1)(a) (2022 Neb. Laws, LB 800, § 343) states, in relevant part, the following:

> *Sales and use taxes shall not be imposed on the gross receipts from the sale, lease, or rental of and the storage, use, or other consumption in this state of purchases by the state, including public educational institutions recognized or established under the provisions of Chapter 85, or by any county . . . .*

Good internal controls and sound business practices require procedures to ensure that a periodic reconciliation of the petty cash fund to the authorized amount is performed, and payment of sales tax is avoided whenever reasonably possible.

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

We recommend the County Sheriff implement procedures to ensure a periodic reconciliation of the petty cash fund to the authorized amount is performed, and payment of sales tax is avoided whenever reasonably possible.

Payment Not Approved by County Board

We noted that the County Sheriff made a $144 payment from the Civil Process account to Al's Lock & Safe; however, that payment was not made through the County Board's claim and warrant process. Consequently, no approval from the County Board was obtained for this payment, nor was the payment reflected in the County Budget.

Neb. Rev. Stat. § 23-1601(1) (Supp. 2021) states the following:

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

(Emphasis added.) Good internal controls require procedures to ensure that all disbursements of the County are approved by the County Board through the claim and warrant process, and such expenditures are reflected properly in the County budget.

Without such procedures, there is an increased risk for not only loss, theft, or misuse of funds, but also noncompliance with State statute. Additionally, the County budget will not reflect accurately all disbursements made by the County.

> We recommend the County Sheriff implement procedures to ensure all payments are approved by the County Board and reflected in the County budget.

Distress Warrant Report Not Filed with County Board

During our audit, we noted that the County Sheriff's Distress Warrant report was not filed with the County Board by August 1, 2022. This report was filed only with the County Treasurer on August 1, 2022.

Additionally, the Distress Warrant report filed appeared to be a copy of the distress warrant report received from the County Treasurer and not an original report created by the County Sheriff.

Neb. Rev. Stat. § 77-1719.01 (Reissue 2018) states the following:

> *On or before August 1 of each year, the sheriff shall report to the county board showing the total amount collected on current distress warrants and the amount remaining uncollected.*

Good internal controls and sound business practices require procedures to ensure that the County Sheriff maintains original documentation of the total collected and uncollected distress warrants separately from the County Treasurer, and such information is provided to the County Board by August 1st annually.

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

> We recommend the County Sheriff implement procedures to ensure that the County Sheriff maintains original documentation of the total collected and uncollected distress warrants separately from the County Treasurer, and such information is provided to the County Board by August 1st annually.

COUNTY OVERALL

Unclaimed Property

During our audit, we noted that the following offices had outstanding checks that qualified as unclaimed property but had not been remitted to the State Treasurer within the required timeframe.

- The County Sheriff's Inmate Account had 157 checks, totaling $564, and the Distress Warrant Account had five checks, totaling $20, that were outstanding for over three years. These checks were originally issued in fiscal years 2011 through 2018.

- The County Attorney had outstanding checks, totaling $370, that were outstanding for over three years. For $300 of this amount, the County Attorney was unable to provide the details of the individual checks that make up the outstanding amount. However, per the County Attorney's office, the checks were issued prior to 2015.

- The County Clerk had 33 checks, totaling $3,787, that were outstanding for over three years. These checks were originally issued in fiscal years 2014 through 2018.

Neb. Rev. Stat. § 69-1307.01 (Reissue 2018) states the following:

> *Except as otherwise provided by law, all intangible personal property held for the owner by any court, public corporation, public authority, or public officer of this state, or a political subdivision thereof, that has remained unclaimed by the owner for more than three years is presumed abandoned.*

Neb. Rev. Stat. § 69-1310 (Supp. 2021) states, in relevant part, the following:

> *(a) Every person holding funds or other property, tangible or intangible, presumed abandoned under the Uniform Disposition of Unclaimed Property Act shall report to the State Treasurer with respect to the property as hereinafter provided.*
>
> * * * *
>
> *(d) The report shall be filed before November 1 of each year as of June 30 next preceding . . . . The property must accompany the report unless excused by the State Treasurer for good cause. The State Treasurer may postpone the reporting date upon written request by any person required to file a report.*

Sound accounting practices and good internal controls require procedures to ensure that outstanding checks qualifying as unclaimed property are remitted timely to the State Treasurer, as required by State statute.

Without such procedures, there is an increased risk of noncompliance with State statute.

A similar comment was included in the prior year's audit.

> We recommend the County Sheriff, County Attorney, and County Clerk implement procedures to ensure checks qualifying as unclaimed property are remitted to the State Treasurer in accordance with State statute.

Segregation of Duties

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

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

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

County Response: The County has discussed the finding but must consider the cost of adequate segregation of duties when determining the use of tax money.

* * * * * *

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

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

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

Sincerely,

Jeff Schreier, CPA
Audit Manager