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**AUDIT REPORT
OF
LINCOLN COUNTY**

JULY 1, 2022, THROUGH JUNE 30, 2023

RECEIVED AND ORDERED FILED 12-4-23
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Issued on November 20, 2023

LINCOLN COUNTY

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

LIST OF COUNTY OFFICIALS
At June 30, 2023

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	Chris Bruns	Jan. 2025
	Joe Hewgley	Jan. 2025
	Kent Weems	Jan. 2027
	Jerry Woodruff	Jan. 2025
	Micaela Wuehler	Jan. 2027
Assessor	Julie Stenger	Jan. 2027
Attorney	Rebecca Harling	Jan. 2027
Clerk Election Commissioner	Rebecca Rossell	Jan. 2027
Clerk of the District Court	Debra McCarthy	Jan. 2027
Public Defender	Robert Lindemeier	Jan. 2027
Register of Deeds	Lois Block	Jan. 2027
Sheriff	Jerome Kramer	Jan. 2027
Surveyor	Bonita Edwards	Jan. 2027
Treasurer	Alex Gurciullo	Jan. 2027
Veterans' Service Officer	Tom Gann	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, 2023, 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, 2023, 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 November 13, 2023, 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.

Rachel Wittler

November 13, 2023

Rachel Wittler, CPA, CFE
Audit Manager
Lincoln, Nebraska

LINCOLN COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2023

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 22,228,582
Investments (Note 1.D)	3,935,376
TOTAL ASSETS	\$ 26,163,958
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 183,232
Drug Education	12,769
Law Enforcement	12,134
Preservation of Records	67,409
Debt Service	3,105,540
Miscellaneous Projects	976,536
Road & Bridge Projects	2,898,908
Child Support Enforcement	99,118
County Buildings	2,379,685
Unrestricted	16,428,627
TOTAL NET POSITION	\$ 26,163,958

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, 2023

Functions:	Cash Disbursements	<u>Program Cash Receipts</u>		Net (Disbursement)
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Receipts and Changes in Net Position
Governmental Activities:				
General Government	\$ (10,166,884)	\$ 1,811,069	\$ 380,395	\$ (7,975,420)
Public Safety	(7,945,454)	2,253,445	459,565	(5,232,444)
Public Works	(5,685,201)	11,848	4,885,840	(787,513)
Health and Sanitation	-	-	35,000	35,000
Public Assistance	(6,055,488)	-	139,110	(5,916,378)
Culture and Recreation	(2,642,971)	-	-	(2,642,971)
Debt Payments	(2,765,547)	-	-	(2,765,547)
Total Governmental Activities	<u><u>\$ (35,261,545)</u></u>	<u><u>\$ 4,076,362</u></u>	<u><u>\$ 5,899,910</u></u>	<u><u>(25,285,273)</u></u>

General Receipts:

Taxes:	
Property	16,748,195
Motor Vehicle	1,490,798
Inheritance	2,008,556
Other	1,440,515
Grants and Contributions Not Restricted to	
Specific Programs	100,413
Investment Income	305,503
HVAC Settlement	500,000
Miscellaneous	184,829
Total General Receipts	<u><u>22,778,809</u></u>
Change in Net Position	(2,506,464)
Net Position - Beginning of year	28,670,422
Net Position - End of year	<u><u>\$ 26,163,958</u></u>

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, 2023

	General Fund	Road Fund	Inheritance Fund	American		Highway Buyback Fund	Nonmajor Funds	Total Governmental Funds
				Rescue Plan Act Fund	Fund			
ASSETS								
Cash and Cash Equivalents (Note 1.D)	\$ 325,034	\$ 3,341,471	\$ 6,476,563	\$ 976,536	\$ 2,898,908	\$ 8,210,070	\$ 22,228,582	
Investments (Note 1.D)	3,935,376	-	-	-	-	-	3,935,376	
TOTAL ASSETS	\$ 4,260,410	\$ 3,341,471	\$ 6,476,563	\$ 976,536	\$ 2,898,908	\$ 8,210,070	\$ 26,163,958	
FUND BALANCES								
Restricted for:								
Visitor Promotion	-	-	-	-	-	183,232	183,232	
Drug Education	-	-	-	-	-	12,769	12,769	
Law Enforcement	-	-	-	-	-	12,134	12,134	
Preservation of Records	-	-	-	-	-	67,409	67,409	
Debt Service	-	-	-	-	-	3,105,540	3,105,540	
Miscellaneous Projects	-	-	-	976,536	-	-	976,536	
Road & Bridge Projects	-	-	-	-	2,898,908	-	2,898,908	
Child Support Enforcement	-	-	-	-	-	99,118	99,118	
County Buildings	-	-	-	-	-	2,379,685	2,379,685	
Committed to:								
Road Maintenance & Improvements	-	3,341,471	-	-	-	1,468,155	4,809,626	
Aid & Assistance	-	-	-	-	-	45,685	45,685	
Insurance	-	-	-	-	-	115,569	115,569	
Community Betterment	-	-	-	-	-	483,479	483,479	
Juvenile Court Costs	-	-	-	-	-	10,851	10,851	
Handicapped Accessibility	-	-	-	-	-	226,444	226,444	
Assigned to:								
Other Purposes	-	-	6,476,563	-	-	-	6,476,563	
Unassigned	4,260,410	-	-	-	-	-	4,260,410	
TOTAL CASH BASIS FUND BALANCES	\$ 4,260,410	\$ 3,341,471	\$ 6,476,563	\$ 976,536	\$ 2,898,908	\$ 8,210,070	\$ 26,163,958	

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, 2023

	General Fund	Road Fund	Inheritance Fund	American Rescue Plan Act Fund	Highway Buyback Fund	Nonmajor Funds	Total Governmental Funds
RECEIPTS							
Taxes:							
Property	\$ 13,904,371	\$ -	\$ -	\$ -	\$ -	\$ 2,843,824	\$ 16,748,195
Motor Vehicle	1,490,798	-	-	-	-	-	1,490,798
Inheritance	-	-	2,008,556	-	-	-	2,008,556
Other	216,413	107	-	-	-	1,223,995	1,440,515
Investment Income	256,133	-	-	-	-	49,370	305,503
Intergovernmental	1,069,345	4,285,176	-	-	600,664	45,138	6,000,323
Charges for Services	4,043,729	11,848	-	-	-	20,785	4,076,362
Miscellaneous	91,526	2,447	-	-	-	590,856	684,829
TOTAL RECEIPTS	21,072,315	4,299,578	2,008,556	-	600,664	4,773,968	32,755,081
DISBURSEMENTS							
General Government	9,902,173	-	26,741	-	-	237,970	10,166,884
Public Safety	7,905,943	-	-	-	-	39,511	7,945,454
Public Works	291,372	5,371,849	-	-	16,561	5,419	5,685,201
Public Assistance	379,244	-	-	5,676,244	-	-	6,055,488
Culture and Recreation	319,890	-	-	-	-	2,323,081	2,642,971
Debt Service:							
Principal Payments	-	-	-	-	-	2,520,000	2,520,000
Interest and Fiscal Charges	-	-	-	-	-	245,547	245,547
TOTAL DISBURSEMENTS	18,798,622	5,371,849	26,741	5,676,244	16,561	5,371,528	35,261,545
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENT							
	2,273,693	(1,072,271)	1,981,815	(5,676,244)	584,103	(597,560)	(2,506,464)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	3,472,000	-	-	-	272,000	3,744,000
Transfers out	(2,840,000)	-	(780,000)	-	-	(124,000)	(3,744,000)
TOTAL OTHER FINANCING SOURCES (USES)	(2,840,000)	3,472,000	(780,000)	-	-	148,000	-
Net Change in Fund Balances	(566,307)	2,399,729	1,201,815	(5,676,244)	584,103	(449,560)	(2,506,464)
CASH BASIS FUND BALANCES - BEGINNING							
	4,826,717	941,742	5,274,748	6,652,780	2,314,805	8,659,630	28,670,422
CASH BASIS FUND BALANCES - ENDING							
	\$ 4,260,410	\$3,341,471	\$ 6,476,563	\$ 976,536	\$2,898,908	\$ 8,210,070	\$26,163,958

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, 2023

	Custodial Fund Balances July 1, 2022	Receipts	Disbursements	Custodial Fund Balances June 30, 2023
ASSETS				
Cash and Cash Equivalents (Note 1.D)	\$ 2,794,457	\$ 95,551,047	\$ 93,682,066	\$ 4,663,438
Investments (Note 1.D)	25,020	557,635	-	582,655
TOTAL ASSETS	<u>2,819,477</u>	<u>96,108,682</u>	<u>93,682,066</u>	<u>5,246,093</u>
LIABILITIES				
Due to other governments				
State - Collected by County Treasurer	863,385	9,419,796	9,319,355	963,826
State - Collected by Other Offices	71,086	443,777	468,160	46,703
Schools	852,179	58,307,356	58,263,881	895,654
Educational Service Units	7,302	786,164	785,641	7,825
Technical College	36,312	4,037,186	4,032,715	40,783
Natural Resource Districts	23,841	3,040,336	3,048,147	16,030
Fire Districts	7,493	1,214,862	1,214,922	7,433
Municipalities	174,607	9,800,747	9,762,379	212,975
Agricultural Society	3,489	408,834	408,084	4,239
Drainage Districts	210,897	354,550	508,017	57,430
Cemetery Districts	56,916	117,332	122,210	52,038
Airport Authority	16,318	1,217,295	1,212,683	20,930
Hospitals	301	60,016	59,890	427
Others - Collected by County Treasurer	(1,410)	896,421	892,207	2,804
Others - Collected by Other Offices	496,761	6,004,010	3,583,775	2,916,996
TOTAL LIABILITIES	<u>2,819,477</u>	<u>96,108,682</u>	<u>93,682,066</u>	<u>5,246,093</u>
TOTAL NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

LINCOLN COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2023

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 \$213,199 toward the operation of the Region during fiscal year 2023. 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).

LINCOLN COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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 did not contribute toward the operation of the Department during fiscal year 2023. 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. 2023). Financial information for the Department is available in that report.

Inland Port Authority – During the fiscal year, the County contributed \$4,750,000 to the North Platte Area Chamber of Commerce and Development Corporation Inc. (Chamber) for the purchase of real property from Greenbrier Railcar Services to assist in developing the Hershey Industrial Rail Park. Upon closing of the property, the County entered into a long-term lease agreement with the Chamber with the County making \$1.00 annual lease payments, as well as holding a purchase option for \$1.00. The intent of the County is to use the purchased property for the development of an Inland Port Authority. In February 2023, the County received approval from the Nebraska Department of Economic Development (DED) to create such Inland Port District and Inland Port Authority. In June 2023, the Lincoln County Board named the port the "Nebraska International Port of the Plains" (Port of the Plains). On September 25, 2023, the County Board voted to approve a \$75,000 loan to the Port of the Plains to be repaid over a two-year period.

The governing board of the Port of the Plains consists of nine members appointed by the Lincoln County Board who are residents of Lincoln County. The Port of the Plains is a separate legal entity created pursuant to the Municipal Inland Port Authority Act (Act). Funding is provided by a combination of State and private funding. In the event of the termination of the Port of the Plains, assets would be disposed of in accordance with the Act. The Port of the Plains will be audited annually. Financial information will be available in those audit reports.

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.

LINCOLN COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

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.

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 American Rescue Plan Act, Coronavirus State and Local Fiscal Recovery Funds and will be used for miscellaneous projects in accordance with Federal guidelines.

Highway Buyback Fund. This fund is used to account costs incurred for road projects in the County. It is funded by receipts from the State of Nebraska through the Federal Funds Purchase Program.

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 Fund. The Highway Road Bond Fund and Jail Bond Fund account for the resources for, and the payment of, general long-term debt principal, interest, and related costs.

LINCOLN COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

1. Summary of Significant Accounting Policies (Continued)

The County designates fund balances as follows:

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

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

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

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

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The accounting records of the County are maintained and the government-wide financial statements were reported on the basis of cash receipts and disbursements. As such, the measurement focus includes only those assets and fund balances arising from cash transactions on the Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis. Receipts are recognized when received, and disbursements are recognized when 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.

LINCOLN COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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 \$9,735,331 of restricted net position which is fully restricted by enabling legislation.

Budgetary Process. The County adopts an annual budget in accordance with the statutory requirements of the Nebraska Budget Act 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 30, 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.

Excess of Disbursements Over Appropriations. For the year ended June 30, 2023, disbursements exceeded budgeted appropriations in the Visitor Improvement Fund by \$36,692. These over-expenditures were funded by greater than anticipated receipts.

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).

LINCOLN COUNTY

NOTES TO FINANCIAL STATEMENTS (Continued)

2. Deposits and Investments (Concluded)

At year end, the County's carrying amount of deposits was \$22,228,582 for County funds and \$4,663,438 for Fiduciary funds. The bank balances for all funds totaled \$27,105,221. For purposes of classifying categories of custodial credit risk, the bank balances of the County's deposits, as of June 30, 2023, 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 \$3,935,376 in U.S. Government Securities. The U.S. Government Securities were held by the County or its agent in the name of the County. The County also held deposits in the Nebraska Public Agency Investment Trust (NPAIT) of \$582,655 for Fiduciary Funds. NPAIT is a public entity investment pool operated under the direction of a nine-member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income that has accrued to each participant is converted as of the close of business of each calendar month into additional units, which thereafter are held in each participant's trust account. Since net income of the fund is allocated among participants each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name.

3. Taxes

Property taxes are levied by the County Board on or before October 20 of each year for all political subdivisions in the County. Real estate and personal property taxes are due and attach as an enforceable lien on January 1 following the levy date, and they become delinquent in two equal installments on May 1 and September 1. Motor vehicle taxes are due when application is made for registration of a motor vehicle.

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

The levy set in October 2022, for the 2022 taxes, which will be materially collected in May and September 2023, was set at \$.314110/\$100 of assessed valuation. The levy set in October 2021, for the 2021 taxes, which were materially collected in May and September 2022, was set at \$.327911/\$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 lodging taxes.

4. Retirement System

The Retirement System for Nebraska Counties (the Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2022, Supp. 2023) and may be amended through legislative action.

LINCOLN COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

4. **Retirement System** (Concluded)

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, 2023, 250 employees contributed \$472,929, and the County contributed \$701,206. Contributions included \$16,375 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.

The County has not paid out any amounts that exceeded coverage in the last three fiscal years. There were no significant reductions in insurance coverage from the prior year coverage.

6. **Interfund Transfers**

Interfund transfers for the year ended June 30, 2023, consisted of the following:

Transfers to	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
Road Fund	\$ 2,692,000	\$ 780,000	\$ -	\$ 3,472,000
Nonmajor Funds	148,000	-	124,000	272,000
Total	\$ 2,840,000	\$ 780,000	\$ 124,000	\$ 3,744,000

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.

LINCOLN COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

7. Long-Term Obligations

Bonds

2022 Jail General Obligation Bond. The County issued Series 2022 refunding bonds in March 2022, in the amount of \$4,535,000, for the purpose of paying the costs of constructing a sheriff's office and county jail facility, as well as acquiring real estate. These costs were originally financed through Series 2012 bonds in March 2012, which were refunded by Series 2017 bonds in June 2017 and Series 2022 bonds in March 2022. The bond payable balance, as of June 30, 2023, was \$3,980,000. 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
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	570,000	24,865	594,865
2029-2030	1,160,000	20,682	1,180,682
Total Payments	<u>\$ 3,980,000</u>	<u>\$ 226,044</u>	<u>\$ 4,206,044</u>

2020 Limited Tax County Building Bond. The County issued bonds in January 2020, in the amount of \$4,700,00, 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, 2023, was \$1,970,000. 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
2024	\$ 965,000	\$ 59,500	\$ 1,024,500
2025	1,005,000	20,100	1,025,100
Total Payments	<u>\$ 1,970,000</u>	<u>\$ 79,600</u>	<u>\$ 2,049,600</u>

2021 Jail General Obligation Bond. The County issued Series 2021 refunding bonds in May 2021, in the amount of \$3,530,000, for the purpose of paying the costs of constructing a sheriff's office and county jail facility, as well as acquiring real estate. These costs were originally financed through Series 2011 bonds in September 2011, which were refunded by Series 2016 bonds in July 2016, and Series 2021 bonds in May 2021. The bond payable balance, as of June 30, 2023, was \$2,760,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Future tax resources will be used to pay off the bonds.

LINCOLN COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

7. Long-Term Obligations (Concluded)

Future Payments:

Year	Principal	Interest	Total
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	395,000	8,790	403,790
2029-2030	800,000	7,754	807,754
Total Payments	\$ 2,760,000	\$ 71,788	\$ 2,831,788

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, 2023, was \$1,385,000. 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 and highway allocation funds will be used to pay off the bonds.

Future Payments:

Year	Principal	Interest	Total
2024	\$ 680,000	\$ 41,800	\$ 721,800
2025	705,000	14,100	719,100
Total Payments	\$ 1,385,000	\$ 55,900	\$ 1,440,900

LINCOLN COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 15,748,500	\$ 15,748,500	\$ 15,611,582	\$ (136,918)
Investment Income	112,000	112,000	256,133	144,133
Intergovernmental	1,787,423	1,787,423	1,069,345	(718,078)
Charges for Services	3,642,050	3,642,050	4,043,729	401,679
Miscellaneous	64,781	64,781	91,526	26,745
TOTAL RECEIPTS	<u>21,354,754</u>	<u>21,354,754</u>	<u>21,072,315</u>	<u>(282,439)</u>
DISBURSEMENTS				
General Government:				
County Board	241,800	241,800	237,032	4,768
County Clerk	457,977	457,977	404,227	53,750
County Treasurer	559,190	559,190	502,726	56,464
Register of Deeds	226,000	226,000	180,734	45,266
County Assessor	590,375	590,375	524,609	65,766
Building and Zoning	107,042	107,042	58,563	48,479
Information Technology	200,985	200,985	194,144	6,841
Advertising, Insurance & Bonds	3,594,220	3,594,220	3,177,344	416,876
Federal Payroll	649,325	649,325	613,529	35,796
Clerk of the District Court	361,245	361,245	297,322	63,923
County Court System	47,465	47,465	35,342	12,123
District Judge	131,173	131,173	110,771	20,402
Public Defender	683,345	683,345	644,512	38,833
Building and Grounds	457,200	457,200	454,737	2,463
Building and Grounds - Jail	230,450	230,450	229,237	1,213
Agricultural Extension Agent	167,090	167,090	148,876	18,214
Photostat Department	74,050	74,050	45,127	28,923
Merit Commission	1,250	1,250	127	1,123
Retirement - County Share	590,500	590,500	569,132	21,368
Employment Security	10,000	10,000	10,000	-
Miscellaneous	2,059,342	2,047,342	1,464,082	583,260
Public Safety				
County Sheriff	2,715,288	2,715,288	2,562,707	152,581
County Attorney	1,025,640	1,025,640	874,774	150,866
Communication Center	192,650	192,650	160,929	31,721
Child Support Division	374,135	374,135	261,041	113,094
County Jail	3,241,950	3,241,950	2,791,195	450,755
District Probation Office	165,000	165,000	158,005	6,995
City-County Fund	476,198	476,198	471,902	4,296
Emergency Management	1,134,316	1,134,316	610,360	523,956
Dive & Rescue Team	21,100	21,100	15,030	6,070

(Continued)

LINCOLN COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public Works				
County Surveyor	80,410	80,410	75,154	5,256
Noxious Weed Control	378,950	378,950	216,218	162,732
Public Assistance				
Veterans' Service Officer	100,530	112,530	97,651	14,879
Victim's Assistance Program	77,300	77,300	65,596	11,704
County Relief	131,670	131,670	61,823	69,847
Institutions	173,310	173,310	154,174	19,136
Culture and Recreation				
Grant Funds	488,000	488,000	319,890	168,110
TOTAL DISBURSEMENTS	<u>22,216,471</u>	<u>22,216,471</u>	<u>18,798,622</u>	<u>3,417,849</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(861,717)</u>	<u>(861,717)</u>	<u>2,273,693</u>	<u>3,135,410</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(2,840,000)	(2,840,000)	(2,840,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,840,000)</u>	<u>(2,840,000)</u>	<u>(2,840,000)</u>	<u>-</u>
Net Change in Fund Balance	(3,701,717)	(3,701,717)	(566,307)	3,135,410
FUND BALANCE - BEGINNING	4,826,717	4,826,717	4,826,717	-
FUND BALANCE - ENDING	<u>\$ 1,125,000</u>	<u>\$ 1,125,000</u>	<u>\$ 4,260,410</u>	<u>\$ 3,135,410</u>

(Concluded)

LINCOLN COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Taxes	\$ -	\$ -	\$ 107	\$ 107
Intergovernmental	4,207,002	4,207,002	4,285,176	78,174
Charges for Services	-	-	11,848	11,848
Miscellaneous	4,800	4,800	2,447	(2,353)
TOTAL RECEIPTS	<u>4,211,802</u>	<u>4,211,802</u>	<u>4,299,578</u>	<u>87,776</u>
DISBURSEMENTS	<u>8,375,545</u>	<u>8,375,545</u>	<u>5,371,849</u>	<u>3,003,696</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(4,163,743)</u>	<u>(4,163,743)</u>	<u>(1,072,271)</u>	<u>3,091,472</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,472,000	3,472,000	3,472,000	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,472,000</u>	<u>3,472,000</u>	<u>3,472,000</u>	<u>-</u>
Net Change in Fund Balance	(691,743)	(691,743)	2,399,729	3,091,472
FUND BALANCE - BEGINNING	941,743	941,743	941,742	(1)
FUND BALANCE - ENDING	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$3,341,471</u>	<u>\$ 3,091,471</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 5,000	\$ 5,000	\$2,008,556	\$ 2,003,556
TOTAL RECEIPTS	<u>5,000</u>	<u>5,000</u>	<u>2,008,556</u>	<u>2,003,556</u>
DISBURSEMENTS	<u>3,579,747</u>	<u>3,579,747</u>	<u>26,741</u>	<u>3,553,006</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(3,574,747)</u>	<u>(3,574,747)</u>	<u>1,981,815</u>	<u>5,556,562</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(800,000)	(800,000)	(780,000)	20,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(800,000)</u>	<u>(800,000)</u>	<u>(780,000)</u>	<u>20,000</u>
Net Change in Fund Balance	(4,374,747)	(4,374,747)	1,201,815	5,576,562
FUND BALANCE - BEGINNING	5,274,747	5,274,747	5,274,748	1
FUND BALANCE - ENDING	<u>\$ 900,000</u>	<u>\$ 900,000</u>	<u>\$6,476,563</u>	<u>\$ 5,576,563</u>

(Continued)

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

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
AMERICAN RESCUE PLAN ACT FUND				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	6,652,780	6,652,780	5,676,244	976,536
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,652,780)	(6,652,780)	(5,676,244)	976,536
Net Change in Fund Balance	(6,652,780)	(6,652,780)	(5,676,244)	976,536
FUND BALANCE - BEGINNING	6,652,780	6,652,780	6,652,780	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 976,536	\$ 976,536
HIGHWAY BUYBACK FUND				
RECEIPTS				
Intergovernmental	\$ 580,402	\$ 580,402	\$ 600,664	\$ 20,262
TOTAL RECEIPTS	580,402	580,402	600,664	20,262
DISBURSEMENTS	2,895,208	2,895,208	16,561	2,878,647
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,314,806)	(2,314,806)	584,103	2,898,909
Net Change in Fund Balance	(2,314,806)	(2,314,806)	584,103	2,898,909
FUND BALANCE - BEGINNING	2,314,806	2,314,806	2,314,805	(1)
FUND BALANCE - ENDING	\$ -	\$ -	\$2,898,908	\$ 2,898,908

(Concluded)

LINCOLN COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
SPECIAL ROAD FUND				
Receipts	\$ -	\$ -	\$ (4)	\$ (4)
Disbursements	(1,405,801)	(1,405,801)	(5,419)	1,400,382
Net Change in Fund Balance	(1,405,801)	(1,405,801)	(5,423)	1,400,378
Fund Balance - Beginning	1,405,801	1,405,801	1,405,800	(1)
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,400,377</u>	<u>\$ 1,400,377</u>
ROAD IMPROVEMENT FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(67,779)	(67,779)	-	67,779
Net Change in Fund Balance	(67,779)	(67,779)	-	67,779
Fund Balance - Beginning	67,779	67,779	67,778	(1)
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,778</u>	<u>\$ 67,778</u>
CHILD SUPPORT INCENTIVE FUND				
Receipts	\$ 67,319	\$ 67,319	\$ 40,713	\$ (26,606)
Disbursements	(154,000)	(154,000)	(28,276)	125,724
Net Change in Fund Balance	(86,681)	(86,681)	12,437	99,118
Fund Balance - Beginning	86,681	86,681	86,681	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,118</u>	<u>\$ 99,118</u>
VISITOR PROMOTION FUND				
Receipts	\$ 500,000	\$ 500,000	\$ 604,408	\$ 104,408
Disbursements	(1,181,436)	(1,181,436)	(1,134,738)	46,698
Transfers in	183,490	183,490	124,000	(59,490)
Transfers out	-	-	-	-
Net Change in Fund Balance	(497,946)	(497,946)	(406,330)	91,616
Fund Balance - Beginning	497,946	497,946	497,946	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,616</u>	<u>\$ 91,616</u>
VISITOR IMPROVEMENT FUND				
Receipts	\$ 500,000	\$ 500,000	\$ 628,308	\$ 128,308
Disbursements	(1,092,161)	(1,092,161)	(1,188,343)	(96,182)
Transfers in	-	-	-	-
Transfers out	(183,490)	(183,490)	(124,000)	59,490
Net Change in Fund Balance	(775,651)	(775,651)	(684,035)	91,616
Fund Balance - Beginning	775,651	775,651	775,651	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,616</u>	<u>\$ 91,616</u>

(Continued)

LINCOLN COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
PRESERVATION & MODERNIZATION FUND				
Receipts	\$ 29,000	\$ 29,000	\$ 18,647	\$ (10,353)
Disbursements	(112,690)	(112,690)	(34,928)	77,762
Net Change in Fund Balance	(83,690)	(83,690)	(16,281)	67,409
Fund Balance - Beginning	83,690	83,690	83,690	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,409</u>	<u>\$ 67,409</u>
INSURANCE FUND				
Receipts	\$ 517	\$ 517	\$ 1,931	\$ 1,414
Disbursements	(263,000)	(263,000)	(148,845)	114,155
Transfers in	148,000	148,000	148,000	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(114,483)	(114,483)	1,086	115,569
Fund Balance - Beginning	114,483	114,483	114,483	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,569</u>	<u>\$ 115,569</u>
VETERANS' AID FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(45,685)	(45,685)	-	45,685
Net Change in Fund Balance	(45,685)	(45,685)	-	45,685
Fund Balance - Beginning	45,685	45,685	45,685	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,685</u>	<u>\$ 45,685</u>
COUNTY DRUG LAW ENFORCEMENT & EDUCATION FUND				
Receipts	\$ 115,855	\$ 115,855	\$ 2,138	\$ (113,717)
Disbursements	(125,000)	(125,000)	(4,614)	120,386
Net Change in Fund Balance	(9,145)	(9,145)	(2,476)	6,669
Fund Balance - Beginning	15,245	15,245	15,245	-
Fund Balance - Ending	<u>\$ 6,100</u>	<u>\$ 6,100</u>	<u>\$ 12,769</u>	<u>\$ 6,669</u>
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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,134</u>	<u>\$ 12,134</u>

(Continued)

LINCOLN COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
KENO LOTTERY FUND				
Receipts	\$ 70,002	\$ 70,002	\$ 66,756	\$ (3,246)
Disbursements	(486,725)	(486,725)	-	486,725
Net Change in Fund Balance	(416,723)	(416,723)	66,756	483,479
Fund Balance - Beginning	416,723	416,723	416,723	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 483,479</u>	<u>\$ 483,479</u>
JUVENILE FACILITY FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(37,472)	(37,472)	(6,621)	30,851
Transfers in	20,000	20,000	-	(20,000)
Transfers out	-	-	-	-
Net Change in Fund Balance	(17,472)	(17,472)	(6,621)	10,851
Fund Balance - Beginning	17,472	17,472	17,472	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,851</u>	<u>\$ 10,851</u>
HANDICAPPED ACCESSIBILITY FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 226,444</u>	<u>\$ 226,444</u>
COURTHOUSE BUILDING FUND				
Receipts	\$ 3,000	\$ 3,000	\$ 524,276	\$ 521,276
Disbursements	(2,137,050)	(2,137,050)	(54,197)	2,082,853
Transfers in	226,443	226,443	-	(226,443)
Transfers out	-	-	-	-
Net Change in Fund Balance	(1,907,607)	(1,907,607)	470,079	2,377,686
Fund Balance - Beginning	1,909,607	1,909,607	1,909,606	(1)
Fund Balance - Ending	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 2,379,685</u>	<u>\$ 2,377,685</u>

(Continued)

LINCOLN COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
HIGHWAY ROAD BOND FUND				
Receipts	\$ 654,600	\$ 654,600	\$ 692,981	\$ 38,381
Disbursements	(1,408,997)	(1,408,997)	(718,800)	690,197
Net Change in Fund Balance	(754,397)	(754,397)	(25,819)	728,578
Fund Balance - Beginning	754,397	754,397	754,397	-
Fund Balance - Ending	\$ -	\$ -	\$ 728,578	\$ 728,578
JAIL BOND FUND				
Receipts	\$ 2,020,700	\$ 2,020,700	\$ 2,193,814	\$ 173,114
Disbursements	(4,250,595)	(4,250,595)	(2,046,747)	2,203,848
Net Change in Fund Balance	(2,229,895)	(2,229,895)	147,067	2,376,962
Fund Balance - Beginning	2,229,895	2,229,895	2,229,895	-
Fund Balance - Ending	\$ -	\$ -	\$ 2,376,962	\$ 2,376,962

(Concluded)

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

For the Year Ended June 30, 2023

	Special Road Fund	Road Improvement Fund	Child Support Incentive Fund	Visitor Promotion Fund	Visitor Improvement Fund	Preservation & Modernization Fund
RECEIPTS						
Taxes:						
Property	\$ (4)	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	604,308	604,308	-
Investment Income	-	-	-	-	-	-
Intergovernmental	-	-	40,713	-	-	-
Charges for Services	-	-	-	-	-	18,647
Miscellaneous	-	-	-	100	24,000	-
TOTAL RECEIPTS	(4)	-	40,713	604,408	628,308	18,647
DISBURSEMENTS						
General Government	-	-	-	-	-	34,928
Public Safety	-	-	28,276	-	-	-
Public Works	5,419	-	-	-	-	-
Culture and Recreation	-	-	-	1,134,738	1,188,343	-
Debt Service:						
Principal Payments	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
TOTAL DISBURSEMENTS	5,419	-	28,276	1,134,738	1,188,343	34,928
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,423)	-	12,437	(530,330)	(560,035)	(16,281)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	124,000	-	-
Transfers out	-	-	-	-	(124,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	124,000	(124,000)	-
Net Change in Fund Balances	(5,423)	-	12,437	(406,330)	(684,035)	(16,281)
FUND BALANCES - BEGINNING	1,405,800	67,778	86,681	497,946	775,651	83,690
FUND BALANCES - ENDING	\$ 1,400,377	\$ 67,778	\$ 99,118	\$ 91,616	\$ 91,616	\$ 67,409
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	91,616	91,616	-
Drug Education	-	-	-	-	-	-
Law Enforcement	-	-	-	-	-	-
Preservation of Records	-	-	-	-	-	67,409
Debt Service	-	-	-	-	-	-
Child Support Enforcement	-	-	99,118	-	-	-
County Buildings	-	-	-	-	-	-
Committed to:						
Road Maintenance & Improvements	1,400,377	67,778	-	-	-	-
Aid & Assistance	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Community Betterment	-	-	-	-	-	-
Juvenile Court Costs	-	-	-	-	-	-
Handicapped Accessibility	-	-	-	-	-	-
TOTAL FUND BALANCES	\$ 1,400,377	\$ 67,778	\$ 99,118	\$ 91,616	\$ 91,616	\$ 67,409

(Continued)

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

For the Year Ended June 30, 2023

	Insurance Fund	Veterans' Aid Fund	County Drug Law Enforcement & Education Fund	Federal Forfeiture Fund	Keno Lottery Fund	Juvenile Facility Fund
RECEIPTS						
Taxes:						
Property	\$ 12	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-	-	-
Investment Income	1,919	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for Services	-	-	2,138	-	-	-
Miscellaneous	-	-	-	-	66,756	-
TOTAL RECEIPTS	1,931	-	2,138	-	66,756	-
DISBURSEMENTS						
General Government	148,845	-	-	-	-	-
Public Safety	-	-	4,614	-	-	6,621
Public Works	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
Debt Service:						
Principal Payments	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
TOTAL DISBURSEMENTS	148,845	-	4,614	-	-	6,621
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(146,914)	-	(2,476)	-	66,756	(6,621)
OTHER FINANCING SOURCES (USES)						
Transfers in	148,000	-	-	-	-	-
Transfers out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	148,000	-	-	-	-	-
Net Change in Fund Balances	1,086	-	(2,476)	-	66,756	(6,621)
FUND BALANCES - BEGINNING	114,483	45,685	15,245	12,134	416,723	17,472
FUND BALANCES - ENDING	\$ 115,569	\$ 45,685	\$ 12,769	\$ 12,134	\$ 483,479	\$ 10,851
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	-
Drug Education	-	-	12,769	-	-	-
Law Enforcement	-	-	-	12,134	-	-
Preservation of Records	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Child Support Enforcement	-	-	-	-	-	-
County Buildings	-	-	-	-	-	-
Committed to:						
Road Maintenance & Improvements	-	-	-	-	-	-
Aid & Assistance	-	45,685	-	-	-	-
Insurance	115,569	-	-	-	-	-
Community Betterment	-	-	-	-	483,479	-
Juvenile Court Costs	-	-	-	-	-	10,851
Handicapped Accessibility	-	-	-	-	-	-
TOTAL FUND BALANCES	\$ 115,569	\$ 45,685	\$ 12,769	\$ 12,134	\$ 483,479	\$ 10,851

(Continued)

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

For the Year Ended June 30, 2023

	Handicapped Accessibility Fund	Courtthouse Building Fund	Highway Road Bond Fund	Jail Bond Fund	Total Nonmajor Funds
RECEIPTS					
Taxes:					
Property	\$ -	\$ 39	\$ 682,150	\$ 2,161,627	\$ 2,843,824
Other	-	-	3,875	11,504	1,223,995
Investment Income	-	24,237	5,935	17,279	49,370
Intergovernmental	-	-	1,021	3,404	45,138
Charges for Services	-	-	-	-	20,785
Miscellaneous	-	500,000	-	-	590,856
TOTAL RECEIPTS	-	524,276	692,981	2,193,814	4,773,968
DISBURSEMENTS					
General Government	-	54,197	-	-	237,970
Public Safety	-	-	-	-	39,511
Public Works	-	-	-	-	5,419
Culture and Recreation	-	-	-	-	2,323,081
Debt Service:					
Principal Payments	-	-	650,000	1,870,000	2,520,000
Interest and Fiscal Charges	-	-	68,800	176,747	245,547
TOTAL DISBURSEMENTS	-	54,197	718,800	2,046,747	5,371,528
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	-	470,079	(25,819)	147,067	(597,560)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	272,000
Transfers out	-	-	-	-	(124,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	148,000
Net Change in Fund Balances	-	470,079	(25,819)	147,067	(449,560)
FUND BALANCES - BEGINNING	226,444	1,909,606	754,397	2,229,895	8,659,630
FUND BALANCES - ENDING	\$ 226,444	\$ 2,379,685	\$ 728,578	\$ 2,376,962	\$ 8,210,070
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	183,232
Drug Education	-	-	-	-	12,769
Law Enforcement	-	-	-	-	12,134
Preservation of Records	-	-	-	-	67,409
Debt Service	-	-	728,578	2,376,962	3,105,540
Child Support Enforcement	-	-	-	-	99,118
County Buildings	-	2,379,685	-	-	2,379,685
Committed to:					
Road Maintenance & Improvements	-	-	-	-	1,468,155
Aid & Assistance	-	-	-	-	45,685
Insurance	-	-	-	-	115,569
Community Betterment	-	-	-	-	483,479
Juvenile Court Costs	-	-	-	-	10,851
Handicapped Accessibility	226,444	-	-	-	226,444
TOTAL FUND BALANCES	\$ 226,444	\$ 2,379,685	\$ 728,578	\$ 2,376,962	\$ 8,210,070

(Concluded)

LINCOLN COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2023

	County Clerk	Register of Deeds	Clerk of the District Court	County Sheriff	County Attorney	Weed Superintendent	Highway Superintendent
BALANCES JULY 1, 2022	\$ 1,088	\$ 102,231	\$ 446,786	\$ 149,030	\$ 1,196	\$ 22,650	\$ -
RECEIPTS							
Taxes	-	-	-	71,612	-	-	-
Intergovernmental	-	-	-	26,500	-	-	-
Charges for Services	51,377	267,695	102,016	1,306,847	9,590	60,059	575
Miscellaneous	-	-	-	3,687	1,168	-	8,902
State Fees	-	369,273	74,504	-	-	-	-
Other Liabilities	-	297	4,998,688	1,004,429	596	-	-
TOTAL RECEIPTS	51,377	637,265	5,175,208	2,413,075	11,354	60,059	9,477
DISBURSEMENTS							
Payments to County Treasurer	51,321	278,205	92,617	1,414,817	9,590	70,353	2,997
Payments to State Treasurer	-	396,155	72,005	-	-	-	-
Petty Cash & Other Payments	-	-	-	2,287	1,095	-	6,455
Other Liabilities	-	297	2,579,954	1,002,928	596	-	-
TOTAL DISBURSEMENTS	51,321	674,657	2,744,576	2,420,032	11,281	70,353	9,452
BALANCES JUNE 30, 2023	\$ 1,144	\$ 64,839	\$ 2,877,418	\$ 142,073	\$ 1,269	\$ 12,356	\$ 25
BALANCES CONSIST OF:							
Due to County Treasurer	\$ 1,094	\$ 24,640	\$ 16,669	\$ 77,101	\$ 269	\$ 12,356	\$ 25
Petty Cash	50	-	220	2,000	1,000	-	-
Due to State Treasurer	-	40,199	6,504	-	-	-	-
Due to Others	-	-	2,854,025	62,971	-	-	-
BALANCES JUNE 30, 2023	\$ 1,144	\$ 64,839	\$ 2,877,418	\$ 142,072	\$ 1,269	\$ 12,356	\$ 25

(Continued)

LINCOLN COUNTY
SCHEDULE OF OFFICE ACTIVITIES
 For the Year Ended June 30, 2023

	Veterans' Service Officer	County Extension	County Planning & Zoning	County Dive Rescue Team	County Assessor	Total
BALANCES JULY 1, 2022	\$ 20,536	\$ 100	\$ -	\$ 59	\$ -	\$ 743,676
RECEIPTS						
Taxes	-	-	-	-	-	71,612
Intergovernmental	-	-	-	-	-	26,500
Charges for Services	-	9,042	-	-	-	1,807,201
Miscellaneous	160	181	-	-	93	14,191
State Fees	-	-	-	-	-	443,777
Other Liabilities	-	-	-	-	-	6,004,010
TOTAL RECEIPTS	160	181	9,042	-	93	8,367,291
DISBURSEMENTS						
Payments to County Treasurer	-	-	9,042	-	58	1,929,000
Payments to State Treasurer	-	-	-	-	-	468,160
Petty Cash & Other Payments	558	181	-	-	-	10,576
Other Liabilities	-	-	-	-	-	3,583,775
TOTAL DISBURSEMENTS	558	181	9,042	-	58	5,991,511
BALANCES JUNE 30, 2023	\$ 20,138	\$ 100	\$ -	\$ 59	\$ 35	\$ 3,119,456
BALANCES CONSIST OF:						
Due to County Treasurer	\$ 20,138	\$ -	\$ -	\$ 59	\$ 35	\$ 152,386
Petty Cash	-	100	-	-	-	3,370
Due to State Treasurer	-	-	-	-	-	46,703
Due to Others	-	-	-	-	-	2,916,996
BALANCES JUNE 30, 2023	\$ 20,138	\$ 100	\$ -	\$ 59	\$ 35	\$ 3,119,455

(Concluded)

LINCOLN COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
 June 30, 2023

Item	2018	2019	2020	2021	2022
Tax Certified by Assessor					
Real Estate	\$ 69,429,897	\$ 70,980,731	\$ 72,733,684	\$ 73,653,268	\$ 77,933,722
Personal and Specials	5,045,336	4,950,819	5,109,487	5,083,309	5,261,201
Total	74,475,233	75,931,550	77,843,171	78,736,577	83,194,923
Corrections					
Additions	33,560	61,534	30,009	18,810	34,588
Deductions	(18,730)	(75,944)	(31,655)	(22,720)	(5,396)
Net Additions/ (Deductions)	14,830	(14,410)	(1,646)	(3,910)	29,192
Corrected Certified Tax	74,490,063	75,917,140	77,841,525	78,732,667	83,224,115
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2019	43,719,192	-	-	-	-
June 30, 2020	30,736,145	44,793,092	-	-	-
June 30, 2021	22,983	31,070,570	47,445,424	-	-
June 30, 2022	10,068	41,288	30,365,095	50,408,792	-
June 30, 2023	(1,409)	6,362	12,121	28,294,868	52,967,595
Total Net Collections	74,486,979	75,911,312	77,822,640	78,703,660	52,967,595
Total Uncollected Tax	\$ 3,084	\$ 5,828	\$ 18,885	\$ 29,007	\$ 30,256,520
Percentage Uncollected Tax	0.00%	0.01%	0.02%	0.04%	36.36%

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

* Corrected 11-27-2023

LINCOLN COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Entity Identifying Number	Total Federal Expenditures
DEPARTMENT OF HOMELAND SECURITY			
Passed through Nebraska Military Department			
Emergency Management Performance Grants	97.042	22-SR 31033-01	\$ 73,161
COVID-19 - Emergency Management Performance Grants	97.042	21-GA 31003-06	<u>19,513</u>
Total - Emergency Management Performance Grants			<u>92,674</u>
		18-GA 8733-03	
		19-SR 8733-01	
		20-SR 8733-01	
		21-SR 8733-01	
Homeland Security Grant Program	97.067	22-SR 8733-01	** <u>251,312</u>
Total U.S. Department of Homeland Security			<u>343,986</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Nebraska Department of Health and Human Services			
Child Support Services	93.563	52098 Y3 51449 Y3	<u>350,846</u>
Total U.S. Department of Health and Human Services			<u>350,846</u>
DEPARTMENT OF JUSTICE			
Passed through Nebraska Commission on Law Enforcement and Criminal Justice			
Crime Victim Assistance	16.575	141-2022-VA1047	<u>63,013</u>
Total U.S. Department of Justice			<u>63,013</u>
DEPARTMENT OF TRANSPORTATION			
Passed through Nebraska Department of Transportation			
Highway Safety Cluster			
State and Community Highway Safety	20.600	402-22-27-43 4021-23-12-17 402-23-05-51	31,960
National Priority Safety Programs	20.616	405D-22-51-47 405D-23-51-28	<u>26,550</u>
Total - Highway Safety Cluster			<u>58,510</u>
Total U.S. Department of Transportation			<u>58,510</u>
DEPARTMENT OF THE TREASURY			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not Applicable	* <u>5,676,244</u>
Total U.S. Department of the Treasury			<u>5,676,244</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 6,492,599</u></u>

* Represents Major Program

** Includes payments to subrecipients totaling \$106,307

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, 2023

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, 2023. 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

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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, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 13, 2023. 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 Board 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 November 13, 2023.

Lincoln County's Response to Findings

Government Auditing Standards requires 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.



Rachel Wittler, CPA, CFE
Audit Manager
Lincoln, Nebraska

November 13, 2023



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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LINCOLN COUNTY
**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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 identified as subject to audit 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, 2023. 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, 2023.

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 #2023-002 and #2023-003. 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 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.

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 accompanying Schedule of Findings and Questioned Costs as Finding #2023-003 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 findings 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.



November 13, 2023

Rachel Wittler, CPA, CFE
Audit Manager
Lincoln, Nebraska

LINCOLN COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2023

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 No

Significant deficiencies identified?

X Yes ___ None Reported

Noncompliance material to financial statements noted?

___ Yes X No

Federal Awards

Internal control over major programs:

Material weaknesses identified?

___ Yes X No

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**

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

___ Yes X No

LINCOLN COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II – Financial Statement Findings

Finding # 2023-001

- 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 properly segregate accounting functions.
- 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 # 2023-002

- Program - AL #21.027 – COVID-19 Coronavirus State and Local Fiscal Recovery Funds - Reporting
- Grant Number & Year - SLFRP2949, March 3, 2021, through December 31, 2024
- 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, 2023) 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).

LINCOLN COUNTY

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, 2023), 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, 2023.

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 7, 2023, did not contain accurate information.

Repeat Finding - Yes

Questioned Costs - None

Statistical Sample - No

Context - Lincoln County reported Current Period Expenditures of \$5,355,379; however, this amount did not include an expenditure of \$253,681 made on November 28, 2022.

Additionally, all expenditures were reported under one project using Project Expenditure Category of Revenue Replacement and Project Expenditure Subcategory as Provision of Government Services.

Based on the expenditures made by Lincoln County using Coronavirus State and Local Fiscal Recovery Funds, it appears more appropriate for the County to have reported two projects. The first project provided \$189,305 to local non-profits 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 expenses totaling \$5,419,755 and was correctly reported using a Project Category of Revenue Replacement and project subcategory of Provision of Government Services.

The Project Description on the Project and Expenditure Report described the County's efforts to provide food assistance. As only \$189,305, or 3.5% of the reported expenditures, was paid to non-profit entities, it appears that a Project Description outlining how that majority of the funds were spent would be more appropriate.

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

LINCOLN COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Continued)

Effect - Inaccurate information was reported to the U.S. Department of the Treasury on the April 2023 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 - West Central NE Development District will need to collect reports from various offices (County Clerk & County Treasurer) to verify all expenditures and disbursements match and perform their own calculations.

Finding # 2023-003

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

Grant Number & Year - SLFRP2949, March 3, 2021, through December 31, 2024

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, 2023) 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).

2 CFR § 200.214 (January 1, 2023) states the following:

Non-Federal entities are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. The regulations in 2 CFR part 180 restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

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, 2023), 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.

LINCOLN COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Continued)

2 CFR § 180.300 (January 1, 2023) requires non-Federal entities to verify that an entity is not excluded or disqualified prior to entering into a covered transaction by “(a) Checking SAM Exclusions; or (b) Collecting a certification from that . . . [entity]; or (c) Adding a clause or condition to the covered transaction with that . . . [entity].”

A good internal control plan requires the County to have proper procedures in place to verify that all contractors paid with Federal funds are not suspended, debarred, or otherwise excluded from or ineligible for participation in Federal programs or activities.

Condition -

Lincoln County had controls in place to ensure that suspension and debarment requirements were followed and adequately documented; however, the County did not follow these controls for every vendor.

We noted the County used Coronavirus State and Local Fiscal Recovery Funds to pay seven vendors over \$25,000 each, totaling \$5,540,320, during the fiscal year ended June 30, 2023. The County failed to ensure that these vendors, with whom the County regularly does business, were not excluded or disqualified prior to entering into these covered transactions.

We reviewed SAM.gov, and noted that none of these vendors were suspended, debarred, or otherwise excluded from participation in Federal programs or activities as of the date testing was performed.

Repeat Finding -

No

Questioned Costs -

None

Statistical Sample -

No

Context -

The following table provides details of the covered transactions noted:

Vendor	Amount
COMMUNITIES FOR KIDS LINCOLN CO	\$ 45,000
MILLER REPAIR LLC	141,930
NMC EXCHANGE LLC	218,500
NORTH PLATTE AREA CHAMBER	4,750,001
SWIHART'S LLC	52,200
TITLE SERVICES OF THE PLAINS LLC	253,681
WAYNE DOWHOWER CONST INC	79,008
Total	\$ 5,540,320

Cause -

Lack of procedures and knowledge regarding suspension and debarment requirements.

Effect -

Without adequate procedures to ensure all contractors are not suspended, debarred, or otherwise excluded from or ineligible for participation in Federal programs or activities, there is an increased risk for the misuse of Federal funds and noncompliance with Federal regulations, leading to possible Federal sanctions.

LINCOLN COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Concluded)

Recommendation -

We recommend the County implement procedures to ensure, prior to entering into a covered transaction, that all contractors are not suspended, debarred, or otherwise excluded from or ineligible for participation in Federal programs or activities, and those procedures are adequately documented.

View of Officials -

Lincoln County (submitting Department and County Clerk's Office) will verify through Sam.Gov that all claims submitted for payment using federal funds are not suspended, debarred, or excluded from receiving federal dollars prior to payment of the claim.



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SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2023

Finding 2022-001 (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.

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.

Finding 2022-002 (Since 2022) Coronavirus State and Local Fiscal Recovery Funds Reporting

Status: On-going

Reason for Recurrence: Human Error

Partial Corrective Action Taken: The County contracted with West Central NE Development District to help ensure compliance with reporting requirements.

Corrective Action Planned: West Central NE Development District will need to collect reports from various offices (County Clerk & County Treasurer) to verify all expenditures and disbursements match and perform their own calculations



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CORRECTIVE ACTION PLAN

Year Ended June 30, 2023

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

I. Findings Related to the Financial Statements

Finding 2023-001: 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:

Lincoln County Board of Commissioners

II. Findings Related to Federal Awards

Finding 2023-002:

Program:

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

Corrective Action Planned:

West Central NE Development District will need to collect reports from various offices (County Clerk & County Treasurer) to verify all expenditures and disbursements match and perform their own calculations.



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Anticipated Completion Date:

Ongoing

Responsible Party:

Lincoln County Board of Commissioners

Finding 2023-003:

Program:

AL 21.027 – COVID-19 – Coronavirus State and Local Fiscal Recovery Funds – Suspension and Debarment

Corrective Action Planned:

Lincoln County (submitting Department and County Clerk's Office) will verify through Sam.Gov that all claims submitted for payment using federal funds are not suspended, debarred, or excluded from receiving federal dollars prior to payment of the claim.

Anticipated Completion Date:

Ongoing

Responsible Party:

Lincoln County Board of Commissioners





NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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November 13, 2023

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, 2023, and have issued our report thereon dated November 13, 2023. 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 BOARD

Personal Purchases

During testing, we noted that claim #231535, to US Bank for March 2023 credit card purchases, included two charges, totaling \$495, that were not for county purposes, as follows:

- The claim included charges of \$798 in airfare and related travel expenses for attendance at the National Association of County Officials Conference in Austin, Texas, from July 21 – July 24, 2023, for one Board member and his spouse. The plane tickets and related travel charges paid by the County included \$375 for the Board member's spouse.
- The claim included charges of \$120 for various food items from Walmart that were for the personal use of a County employee.

The Local Government Miscellaneous Expenditure Act (Act), which is set out at Neb. Rev. Stat. §§ 13-2201 through 13-2204 (Reissue 2022), establishes strict parameters for the expenditure of public funds by designated public entities, including counties and their respective boards. Section 13-2204 of the Act provides, in relevant part, the following:

Nothing in the Local Government Miscellaneous Expenditure Act shall authorize the expenditure of public funds to pay for any expenses incurred by a spouse of an elected or appointed official, employee, or volunteer unless the spouse is also an elected or appointed official, employee, or volunteer of the local government.

Further, Neb. Rev. Stat. § 13-610 (Reissue 2022) authorizes political subdivisions, such as the County, to implement their own purchasing card programs. That statute provides the following, in relevant part:

(1) A political subdivision, through its governing body, may create its own purchasing card program. The governing body shall determine the type of purchasing card or cards utilized in the purchasing card program and shall approve

or disapprove those persons who will be assigned a purchasing card. Under the direction of its governing body, any political subdivision may contract with one or more financial institutions, card-issuing banks, credit card companies, charge card companies, debit card companies, or third-party merchant banks capable of operating the purchasing card program on behalf of the political subdivision. Expenses associated with the political subdivision's purchasing card program shall be considered, for purposes of this section, as an administrative or operational expense.

(2) Any political subdivision may utilize its purchasing card program for the purchase of goods and services for and on behalf of the political subdivision.

* * * *

(6) No officer or employee of a political subdivision shall use a political subdivision purchasing card for any unauthorized use as determined by the governing body.

Although the County received reimbursement checks from the Board member and County employee for these expenses, State law does not permit County funds to be spent for these costs in the first place. Because they are not expressly included in the language of § 13-610(2), personal purchases on the County's credit cards are not permitted, regardless of whether those expenditures are repaid.

A good internal control plan and sound business practices require procedures to ensure that County funds are expended in accordance with relevant State statutes. Those procedures should also ensure that County credit cards are not used for private purposes, even if the expenditures are fully reimbursed.

Without such procedures, there is an increased risk for not only loss or misuse of County funds but also violation of State law.

We recommend the County Board implement procedures to ensure public funds are not expended for private purposes, regardless of whether those expenditures are subsequently reimbursed.

Expenditures in Excess of Budget

For the fiscal year ended June 30, 2023, the disbursements in the Visitor Improvement Fund exceeded the adopted budget by \$36,692.

Neb. Rev. Stat. § 23-916 (Reissue 2022) states the following:

After the adoption of the county budget, no officer, department or other expending agency shall expend or contract to be expended any money, or incur any liability, or enter into any contract which, by its terms, involves the expenditure of money not provided for in the budget, or which involves the expenditure of any money for any of the purposes for which provision is made in the budget in excess of the amounts provided in said budget for such office, department or other expending agency, or purpose, for such fiscal year. Any contract, verbal or written, made in violation of this section shall be null and void as to the county, and no money belonging thereto shall be paid thereon.

When expenditures are made in excess of amounts budgeted, with no appropriation adjustments by the County Board to address those excesses, the County is noncompliant with State statute.

We recommend the County Board implement procedures for monitoring closely its budget status on an ongoing basis to avoid funds incurring expenses in excess of the amounts budgeted.

COUNTY OVERALL

Segregation of Duties

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.

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.

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

Financial Reconciliation Issues

The County Clerk completes a reconciliation to ensure that the financial records maintained by her office agree to those maintained by the County Treasurer; however, we noted that the following variances remained uncorrected as of June 30, 2023:

- In October 2022, the County Clerk noted an error, totaling \$331,906, which was not requested in funding from the County Treasurer, of which \$57,499 was to be paid from the Road Fund. However, when the funding correction was made, the County Clerk requested the full \$331,906 from the General Fund, instead of payment being made from the correct funds. This error resulted in the overstatement of General Fund disbursements and understatement of the Road Fund disbursements by \$57,499. In April 2023, this error was caught and corrected in the County Treasurer's office; however, in June 2023, the correction was reversed and an additional \$57,499 was recorded as a disbursement from the General Fund. This additional error caused the County Treasurer's General Fund disbursement records to be overstated and the Road Fund disbursement records to be understated by \$114,999.
- In January 2023, the County Clerk correctly shorted the General Fund funding request to the County Treasurer by \$15 related to a wire fee that was claimed and deposited into the bank account, but never charged by the bank. The County Clerk failed to void this transaction from her records, causing an overstatement in the County Clerk's General Fund disbursement records.
- Similarly, in May 2023, the County Clerk correctly shorted the General Fund funding request to the County Treasurer by \$3,037 related to duplicate payments; however, the County Clerk failed to void these transactions from her records, causing an overstatement in the County Clerk's General Fund disbursement records.
- We noted that two disbursements made by the County Treasurer from the Inheritance Fund, totaling \$26,181, were not paid through the claims process; therefore, those disbursements were neither approved by the County Board nor recorded in the County Clerk's records.

- We noted that the County Clerk made two journal entries to adjust disbursements in the Visitor Promotion Fund and Visitor Improvement Fund; however, the appropriate correction was related to receipts, not disbursements, and should not have been adjusted. The journal entries caused both funds to be understated by \$24,000.

Additionally, we noted that the County Treasurer used the interfund transfers accounting code to make corrections in error. We noted the following:

- The County Treasurer made a correction for a previous 5% gross in lieu error, causing the General Fund receipts to be overstated by \$168, Jail Bond Fund receipts to be overstated by \$31, and Highway Road Bond Fund receipts to be understated by \$1,063.
- In May and June 2023, the County Clerk made three journal entries, totaling \$25,722, to move expenditures from the Courthouse Building Fund to the American Rescue Plan Act Fund; however, no corresponding correction was made by the County Clerk in the funding requests to the County Treasurer. Instead, the County Treasurer incorrectly recorded these corrections as transfers.
- The County Treasurer made a correction to move disbursements from the General Fund to the Child Support Incentive Fund, totaling \$1,198.
- The County Treasurer made a correction to move checking account interest from the General Fund to the Courthouse Building Fund, totaling \$2,509.
- The County Treasurer made a correction to move a \$24,000 receipt from the Visitor Promotion Fund to the Visitor Improvement Fund.

Lastly, we noted that the County Board approved a transfer on September 6, 2022, from the Handicapped Accessibility Fund to the Courthouse Building Fund to move the remaining fund balance of \$266,444; however, this transfer was not completed by the County Clerk or County Treasurer.

Neb. Rev. Stat. § 23-1601(1) (Reissue 2022) states the following:

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

Neb. Rev. Stat. § 23-3106 (Reissue 2022) states the following, in relevant part:

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

Good internal controls and sound business practices require procedures to ensure that all financial activity of the County is reflected properly in the County Clerk's records, thereby allowing for compliance with the County Budget Act of 1937 (Act), as set out at Neb. Rev. Stat. §§ 23-901 to 23-920 (Reissue 2022). Such procedures should include a periodic reconciliation of disbursements between the financial records of both the County Clerk and County Treasurer, as well as the timely correction of any variances noted. Additionally, those procedures should require any disbursement of County funds to be coded properly to reflect accurately the purpose of that expenditure. Further, good internal control and sound business practices require procedures to ensure expenditure of County money occurs only with the proper approval of the County Board and any expenditure approved is appropriately paid or transferred in accordance with the approval.

Without such procedures, there is an increased risk for not only failure to apprise the County Board fully of the financial status of the funds but also noncompliance with the Act.

We recommend the County Clerk and County Treasurer implement procedures to ensure all disbursements are recorded properly in the financial records, and a periodic reconciliation to the County Treasurer is completed, including the timely reconciliation of all variances noted. We further recommend that all expenditures of County money are properly approved by the County Board, paid out by the County Clerk and County Treasurer, and appropriately recorded in the financial records.

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 198 checks, totaling \$1,219, 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 2019. In August 2023, the County Sheriff remitted several checks from the Inmate Account to the State Treasurer; however, thirteen checks, totaling \$783, that were past due as unclaimed property were not included in the amount remitted.
- The County Attorney had outstanding checks, totaling \$420, 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.

Additionally, we noted that the County Sheriff's office had \$28 in civil process refunds where the payee could not be located, or the refund check was not cashed in a timely manner. The County Sheriff paid these amounts to the County Treasurer instead of remitting these amounts to the State Treasurer after the period outlined in State statutes. Per discussion with office personnel, this has always been the practice for civil process refunds that are outstanding for an extended amount of time.

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 (Cum. Supp. 2022) 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 and County Attorney implement procedures to ensure checks qualifying as unclaimed property are remitted to the State Treasurer in accordance with 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. Additionally, interest earned on this bank account during the fiscal year had not been remitted to the County Treasurer as of July 31, 2023.
- 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.
- The County Attorney has an authorized petty cash amount of \$1,000; however, as of June 30, 2023, the Petty Cash bank account maintained by the County Attorney had a balance of \$1,073. Of this additional \$73 in the account, \$51 is due to an expense that was reimbursed by the County Board twice. The remaining \$22 is an unknown amount dating to previous years.
- For three of the eight petty cash expenses tested, the County Attorney did not request reimbursement in a timely manner. These expenses were all for paper service fees. The County Attorney does not request reimbursement until the service is completed as the County may receive a refund for a portion of the fee. The completion dates for these three services were August 10, 2021; May 6, 2022; and July 15, 2022; while the claim for reimbursement was not submitted to the County Clerk until December 6, 2022, or a period of 54 to 393 days after the statutory deadline.

Neb. Rev. Stat. § 23-1601(1) (Reissue 2022) states the following:

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

Neb. Rev. Stat. § 23-135(1) (Reissue 2022) states, in relevant part, the following: "All claims against a county shall be filed with the county clerk within ninety days from the time when any materials or labor, which form the basis of the claims, have been furnished or performed . . ."

Good internal controls and sound business practices require procedures to ensure that adequate reconciliation and balancing methods are utilized, including procedures to ensure office assets (cash on hand, reconciled bank balance, and accounts payable) agree with office liabilities (fee and trust accounts) on at least a monthly basis, and any variances noted are resolved in a timely manner. Further, good internal controls require procedures to ensure that reimbursement claims are submitted to the County Board in a timely manner, as required by State statute.

Without such procedures, there is an increased risk of the loss, theft, or misuse of County funds, as well as noncompliance with State statute.

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

We recommend the County Attorney implement procedures to ensure that accurate monthly asset-to-liability reconciliations are performed, and reimbursement claims are submitted in a timely manner.

COUNTY CLERK OF THE DISTRICT COURT

Overdue Case Balances

We tested 10 overdue balances owed to the District Court, totaling \$12,437, and noted that none of those balances had subsequent action taken to ensure their collection and/or resolution. For 7 of the balances, totaling \$7,321, the last activity noted on the cases ranged from 1998 to 2013. For the remaining 3 balances, totaling \$5,116, the amounts were ordered as uncollectible in 2008 to 2018; however, a non-monetary receipt was never entered to waive the costs. As of August 31, 2023, the Overdue Case Account Report contained 2,841 overdue criminal case balances, totaling \$722,159. Of the cases in the report, only 11 cases, totaling \$8,526, 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 those balances. 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 fiscal year, there was no activity in the account; however, the balance at fiscal year-end was \$59. Subsequent to the fiscal year-end, the County Dive Rescue Team received a donation of \$500 on July 6, 2023, which was withdrawn as cash on the same day. Upon inquiry, the County Dive Team noted the funds were a donation from the Volunteer Fire Department that was to be used to help pay for painting the Dive Team's Razor Utility Task Vehicle (UTV). The County Dive Team provided an invoice showing a payment of \$1,000 was made by check to the vendor; however, no supporting documentation was provided to support the cash withdrawal or what bank account was used to make the \$1,000 check payment. Additionally, the County Dive Team did not have approval of the County Board to make such payment.

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) (Reissue 2022) 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 Dive Team remit all donations to the County Treasurer and that all future disbursements run through the County Board, or that there be a County employee with access to the bank account and the Dive Team presents an annual activity report to the Board.

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 six bank accounts maintained by the County Sheriff, resulting in an unknown overage in the following accounts:

Account	Overage Held
Fee Account	\$ 3,127
Execution Account	3
Civil Process Account	1,880
Inmate Fund Account	9,114
Distress Warrant Account	192
Total	\$ 14,317

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.

- 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 or in the book balance. These checks were noted as outstanding in prior audits and have not cleared the bank account as of June 30, 2023.
- 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. Some of the petty cash is kept in the Sheriff Fee bank account; however, the County Sheriff was unable to determine how much petty cash was kept in the bank account and how much was kept on hand.

- The County Sheriff remitted civil service fees collected to the County Treasurer but not fees earned, as required by Neb. Rev. Stat. § 33-117(3) (Reissue 2016). As of June 30, 2023, the Sheriff had earned \$5,178 of fees that were not remitted to the County Treasurer.

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) a periodic reconciliation of the petty cash to the authorized amount is performed; 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 variances noted. Additionally, we recommend the County Sheriff implement procedures to ensure a periodic reconciliation of the petty cash fund to the authorized amount is performed. 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.

COUNTY TREASURER

Motor Vehicle Pro-Rate Distribution Errors

We noted that the County Treasurer’s tax year 2022 distributions of Motor Vehicle Pro-Rate were incorrect. The County Treasurer failed to include taxes levied by the County in the amount of total taxes levied, resulting in an underpayment to the County and an overpayment to all other political subdivisions. The following table contains the variances noted for the two payments received during the fiscal year:

Subdivision	Over/(Under) Payments
Lincoln County	\$ (32,793)
North Platte 1 School District	12,951
North Platte	4,001
Hershey 37 School District	3,145
Sutherland 55 School District	2,000
Mid Plains Community College	1,853
Brady 6 School District	1,569
Wallace 65R School District	1,558
Maxwell 7 School District	1,403
Maywood 46 School District	719

Subdivision	Over/(Under) Payments
Gothenburg 20 School District	556
Twin Platte NRD	432
Stapleton R1 School District	331
ESU 16	324
Medicine Valley 125 School District	292
Arnold 89 School District	220
Agricultural Society	194
Sutherland	176
Eustis-Farnam 95 School District	171
North Platte Fire District	142
Middle Republican NRD	102
Hershey	62
Brady	59
Wallace Fire District	59
Hershey Fire District	56
Sutherland Fire District	55
Wallace	48
Brady Fire District	40
Maxwell Fire District	35
Maywood-Wellfleet Fire District	29
Maxwell	28
McPherson Co. 90 School District	26
Morning View Cemetery District	23
Other Subdivisions*	134

*Contains 24 other subdivisions where variances were less than \$20

Neb. Rev. Stat. § 60-3,202 (Reissue 2021) states, in relevant part, the following:

(2) On or before the last day of each quarter of the calendar year, the State Treasurer shall distribute all funds in the Highway Tax Fund to the county treasurer of each county in the same proportion as the number of original motor vehicle registrations in each county bears to the total of all original registrations within the state in the registration year immediately preceding.

(3) Upon receipt of motor vehicle tax funds from the State Treasurer pursuant to subsection (2) of this section, the county treasurer shall distribute such funds to taxing agencies within the county in the same proportion that the levy of each such taxing agency bears to the total of such levies of all taxing agencies in the county.

Additionally, good internal control requires procedures to ensure that Motor Vehicle Pro-Rate distributions include all political subdivisions, including the County General Fund.

Without such procedures, there is an increased risk of erroneous distribution calculations not only depriving the County of the appropriate funding but also resulting in the loss or misuse of public funds.

We recommend the County Treasurer correct the errors noted with the Motor Vehicle Pro-Rate distributions, as detailed in the table above. We further recommend the County Treasurer implement procedures to ensure future distributions are calculated correctly.

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 levies of the Highway Road Bond Fund, the Hershey Public Schools Bond Fund, and the Village of Sutherland Bond Fund.

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

Subdivision	Over/(Under) Payment
Lincoln County	\$ 2,491
Hershey Public Schools	(1,521)
Village of Hershey	800
Maxwell Public Schools	57
Village of Maxwell	21
Brady Public Schools	76
Village of Brady	43
Sutherland Public Schools	6,564
Village of Sutherland	(8,531)

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 and political subdivisions.

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.

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

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.

Mutual Finance Organization Distribution

Lincoln County is the fiscal agent for the Lincoln County Fire Protection Mutual Finance Organization (MFO). As the fiscal agent, the County is responsible for correctly distributing MFO funds received from the State Treasurer to the members of the MFO. During testing of this distribution, the APA noted the following issues regarding the County's distribution of the \$298,200 of MFO funds received during the fiscal year:

- According to the MFO Agreement, all funds are to be distributed based on valuation and population. While the populations and valuations of the members changed in the last year, the percentage of MFO funds distributed to each entity did not change, resulting in an incorrect distribution. The overpayments and underpayments are outlined in the following table:

Member	Over/(Under) Payment
Brady Fire District	\$ (633)
Curtis Fire District	5,630
Hershey Fire District	(873)
Maxwell Fire District	(642)
Maywood-Wellfleet Fire District	(326)
North Platte Fire District	(2,240)
Sutherland Fire District	(551)
Wallace Fire District	(745)
Brady	36
Maxwell	110
North Platte	704
Sutherland	(469)

- The County Treasurer receives a spreadsheet with the percentage calculations from the MFO. The Treasurer did not perform a review to ensure that the percentages used for the distribution were correct based on the populations and valuations.

The Interlocal Cooperation Agreement signed by the members of the Lincoln County MFO (July 11, 2022) states the following:

The funds received from the State of Nebraska under the Mutual Finance Assistance Act shall be divided into two equal parts. One part shall be distributed among the members of the Lincoln County Fire Protection Mutual Finance Organization in the same ratio that taxable valuation of the member is in relation to the total taxable valuation of all of the members. The tax valuation figure used to calculate the distribution ratio shall be those used to calculate the amount of funds available, under the Act, to all members. The second part of the funds shall be distributed among the members in the same ratio that the assumed population of rural districts or the estimated actual population of any member that is a city or village is in relation to the total assumed population of the rural districts plus the estimated actual populations of the member cities and villages. The population figures used shall be those used to calculate the eligibility of the parties for Mutual Finance Assistance Act funds.

Further, good internal controls require procedures to ensure that the County Treasurer performs a review of all calculations in the distribution to ensure that MFO funds are correctly distributed in the agreed-upon manner.

Without such procedures, there is an increased risk of MFO funds not being distributed correctly.

We recommend the County Treasurer correct the errors noted. Additionally, we recommend the County Treasurer implement procedures to ensure that a detailed review of all calculations in the distribution of MFO funds is performed.

* * * * *

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,

A handwritten signature in cursive script that reads "Rachel Wittler".

Rachel Wittler, CPA, CFE
Audit Manager

