

**AUDIT REPORT
OF
LINCOLN COUNTY**

JULY 1, 2019, THROUGH JUNE 30, 2020

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the Auditor of Public Accounts.**

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Issued on January 6, 2021

LINCOLN COUNTY

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

LIST OF COUNTY OFFICIALS
At June 30, 2020

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

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lincoln County, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and aggregate remaining fund information of Lincoln County as of June 30, 2020, and the respective changes in cash-basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Emphasis of Matters – Basis of Accounting

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

Report on Supplementary Information

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

The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, 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 18-32, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2020, on our consideration of Lincoln County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lincoln County's internal control over financial reporting and compliance.



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

December 29, 2020

LINCOLN COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2020

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 19,368,817
Investments (Note 1.D)	4,291,024
TOTAL ASSETS	\$ 23,659,841
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 845,267
Insurance	161,993
Drug Education	12,801
Law Enforcement	13,834
Preservation of Records	75,758
Debt Service	2,242,089
Road Maintenance	2,149,824
Child Support Enforcement	109,168
County Buildings	6,744,081
Unrestricted	11,305,026
TOTAL NET POSITION	\$ 23,659,841

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, 2020

Functions:	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ (8,918,442)	\$ 1,319,928	\$ 395,198	\$ (7,203,316)
Public Safety	(6,582,928)	551,390	338,310	(5,693,228)
Public Works	(10,155,022)	6,199	4,000,702	(6,148,121)
Public Assistance	(370,322)	-	-	(370,322)
Culture and Recreation	(862,538)	-	264,826	(597,712)
Debt Payments	(1,248,942)	-	-	(1,248,942)
Capital Outlay	(283,323)	-	-	(283,323)
Total Governmental Activities	<u>\$ (28,421,517)</u>	<u>\$ 1,877,517</u>	<u>\$ 4,999,036</u>	<u>(21,544,964)</u>

General Receipts:

Property Taxes	16,201,577
Grants and Contributions Not Restricted to Specific Programs	2,872,899
Investment Income	99,267
Licenses and Permits	167,738
Bond Proceeds	4,916,819
Miscellaneous	241,203
Total General Receipts	<u>24,499,503</u>
Increase in Net Position	2,954,539
Net Position - Beginning of year	20,705,302
Net Position - End of year	<u>\$ 23,659,841</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, 2020

	<u>General Fund</u>	<u>Road Fund</u>	<u>Inheritance Fund</u>	<u>Jail Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and Cash Equivalents (Note 1.D)	\$ 2,560,626	\$ 665,000	\$ 14,141	\$ 4,633,496	\$ 11,495,554	\$ 19,368,817
Investments (Note 1.D)	-	-	4,245,404	-	45,620	4,291,024
TOTAL ASSETS	<u><u>\$ 2,560,626</u></u>	<u><u>\$ 665,000</u></u>	<u><u>\$ 4,259,545</u></u>	<u><u>\$ 4,633,496</u></u>	<u><u>\$ 11,541,174</u></u>	<u><u>\$ 23,659,841</u></u>
FUND BALANCES						
Restricted for:						
Visitor Promotion	-	-	-	-	845,267	845,267
Insurance	-	-	-	-	161,993	161,993
Drug Education	-	-	-	-	12,801	12,801
Law Enforcement	-	-	-	-	13,834	13,834
Preservation of Records	-	-	-	-	75,758	75,758
Debt Service	-	-	-	-	2,242,089	2,242,089
Road Maintenance	-	-	-	-	2,149,824	2,149,824
Child Support Enforcement	-	-	-	-	109,168	109,168
County Buildings	-	-	-	4,633,496	2,110,585	6,744,081
Committed to:						
Road Maintenance	-	665,000	-	-	3,132,591	3,797,591
Aid and Assistance	-	-	-	-	45,656	45,656
Miscellaneous Projects	-	-	-	-	405,198	405,198
Juvenile Court Costs	-	-	-	-	9,970	9,970
Handicapped Accessibility	-	-	-	-	226,440	226,440
Assigned to:						
Other Purposes	-	-	4,259,545	-	-	4,259,545
Unassigned	2,560,626	-	-	-	-	2,560,626
TOTAL CASH BASIS FUND BALANCES	<u><u>\$ 2,560,626</u></u>	<u><u>\$ 665,000</u></u>	<u><u>\$ 4,259,545</u></u>	<u><u>\$ 4,633,496</u></u>	<u><u>\$ 11,541,174</u></u>	<u><u>\$ 23,659,841</u></u>

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

LINCOLN COUNTY
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	General Fund	Road Fund	Inheritance Fund	Jail Building Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS						
Property Taxes	\$ 12,575,019	\$ -	\$ 701,419	\$ -	\$ 2,925,139	\$ 16,201,577
Licenses and Permits	167,738	-	-	-	-	167,738
Investment Income	96,268	-	-	-	2,999	99,267
Intergovernmental	3,208,139	3,965,356	-	-	698,440	7,871,935
Charges for Services	1,846,809	6,199	-	-	24,509	1,877,517
Miscellaneous	106,339	18,272	-	4,916,819	116,592	5,158,022
TOTAL RECEIPTS	<u>18,000,312</u>	<u>3,989,827</u>	<u>701,419</u>	<u>4,916,819</u>	<u>3,767,679</u>	<u>31,376,056</u>
DISBURSEMENTS						
General Government	8,734,521	-	4,505	-	179,416	8,918,442
Public Safety	6,562,487	-	-	-	20,441	6,582,928
Public Works	160,113	7,365,110	-	-	2,629,799	10,155,022
Public Assistance	370,322	-	-	-	-	370,322
Culture and Recreation	-	-	-	-	862,538	862,538
Debt Service:						
Principal Payments	-	-	-	-	855,000	855,000
Interest and Fiscal Charges	-	-	-	-	393,942	393,942
Capital Outlay	-	-	-	283,323	-	283,323
TOTAL DISBURSEMENTS	<u>15,827,443</u>	<u>7,365,110</u>	<u>4,505</u>	<u>283,323</u>	<u>4,941,136</u>	<u>28,421,517</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>2,172,869</u>	<u>(3,375,283)</u>	<u>696,914</u>	<u>4,633,496</u>	<u>(1,173,457)</u>	<u>2,954,539</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	3,118,846	-	-	4,445,587	7,564,433
Transfers out	(2,338,846)	-	(800,000)	-	(4,425,587)	(7,564,433)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,338,846)</u>	<u>3,118,846</u>	<u>(800,000)</u>	<u>-</u>	<u>20,000</u>	<u>-</u>
Net Change in Fund Balances	(165,977)	(256,437)	(103,086)	4,633,496	(1,153,457)	2,954,539
CASH BASIS FUND BALANCES - BEGINNING	<u>2,726,603</u>	<u>921,437</u>	<u>4,362,631</u>	<u>-</u>	<u>12,694,631</u>	<u>20,705,302</u>
CASH BASIS FUND BALANCES - ENDING	<u>\$ 2,560,626</u>	<u>\$ 665,000</u>	<u>\$ 4,259,545</u>	<u>\$ 4,633,496</u>	<u>\$ 11,541,174</u>	<u>\$ 23,659,841</u>

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

LINCOLN COUNTY
STATEMENT OF CASH BASIS NET POSITION
FIDUCIARY FUNDS
June 30, 2020

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 4,813,416
 LIABILITIES	
Due to other governments	
State	1,197,538
Schools	3,087,528
Educational Service Units	10,545
Technical College	52,068
Natural Resource Districts	35,313
Fire Districts	10,665
Municipalities	233,894
Agricultural Society	4,862
Drainage Districts	123,774
Cemetery Districts	29,607
Airport Authority	22,884
Hospital	732
Others	4,006
TOTAL LIABILITIES	4,813,416
 TOTAL NET ASSETS	 \$ -

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

LINCOLN COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

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 \$201,660 toward the operation of the Region during fiscal year 2020. 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 2020. 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) (2020 Neb. Laws, LB 781, § 8). Financial information for the Department is available in that report.

B. Basis of Presentation

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

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

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

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

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

LINCOLN COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

The County reports the following major governmental funds:

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

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

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

Jail Building Fund. This fund is used to account for costs of constructing additions and improvements to the County law enforcement building.

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

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

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

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

The County designates fund balances as follows:

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

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

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

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

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

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

LINCOLN COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

D. Assets and Net Position

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

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

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

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

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

Restricted Net Position. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$12,354,815 of restricted net position, which is fully restricted by enabling legislation.

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

LINCOLN COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Concluded)

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

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

Excess of Disbursements Over Appropriations. For the year ended June 30, 2020, disbursements exceeded budgeted appropriations in the Highway Road Bond Fund by \$2,493,458. These over-expenditures were funded by the available fund balance in the Highway Road Bond Fund due to bond proceeds being receipted incorrectly into this Fund in the prior year.

2. Deposits and Investments

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

At year end, the County's carrying amount of deposits was \$19,368,817 for County funds and \$4,813,416 for Fiduciary funds. The bank balances for all funds totaled \$24,288,978. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2020, 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 \$4,291,024 deposited in Nebraska Federal Investment Trust (NFIT). NFIT is a public entity investment pool. 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 NFIT are not held in the County's name.

3. Property Taxes

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

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

LINCOLN COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Property Taxes** (Concluded)

The levy set in October 2019, for the 2019 taxes, which will be materially collected in May and September 2020, was set at \$.306664/\$100 of assessed valuation. The levy set in October 2018, for the 2018 taxes, which were materially collected in May and September 2019, was set at \$.258290/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

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

4. **Retirement System**

The Retirement System for Nebraska Counties (Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2012, Cum. Supp. 2018, Supp. 2019) and may be amended through legislative action.

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

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

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

For the year ended June 30, 2020, 247 employees contributed \$421,784, and the County contributed \$625,508. Contributions included \$14,339 in cash contributions towards the supplemental law enforcement plan for 24 law enforcement employees. Lastly, the County paid \$2,209 directly to 25 retired employees for prior service benefits.

5. **Risk Management**

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

LINCOLN COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. **Risk Management** (Concluded)

There were no significant reductions in insurance coverage from the prior year coverage, and the County did not incur any expenses that exceeded the coverage amount for the year ended June 30, 2020.

6. **Interfund Transfers**

Interfund transfers for the year ended June 30, 2020, consisted of the following:

Transfers to	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
Road Fund	\$ 2,338,846	\$ 780,000	\$ -	\$ 3,118,846
Inheritance Fund	-	-	-	-
Nonmajor Funds	-	20,000	4,425,587	4,445,587
Total	\$ 2,338,846	\$ 800,000	\$ 4,425,587	\$ 7,564,433

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

In the year ended June 30, 2020, the County made a one-time transfer of \$615,517 from the Special Road Fund to the Highway Road Bond Fund to transfer tax proceeds that were received incorrectly into the Special Road Fund due to the levy being set in the incorrect fund.

In addition, during the fiscal year, the County made a one-time transfer of \$3,437,695 from the Highway Road Bond Fund to the Road Improvement Fund to transfer bond proceeds that were received into the incorrect fund, and the County made a one-time transfer of \$2,375 from the Federal Forfeiture Fund to the Drug Law Enforcement and Education Fund for a prior year coding error.

7. **Contingent Liabilities**

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

8. **Long-Term Debt**

2016 Jail General Obligation Bond. The County issued bonds on July 20, 2016, in the amount of \$5,095,000 for the purpose of redeeming Series 2011 Bonds, which were issued for the purpose of paying the costs of constructing a sheriff's office and county jail facilities, as well as acquiring real estate. The bond payable balance, as of June 30, 2020, was \$3,785,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Future tax resources will be used to pay off the bonds.

LINCOLN COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

8. **Long-Term Debt** (Continued)

Future Payments:

Year	Principal	Interest	Total
2021	\$ 345,000	\$ 73,065	\$ 418,065
2022	355,000	66,065	421,065
2023	360,000	58,915	418,915
2024	370,000	51,615	421,615
2025	380,000	44,115	424,115
2026-2030	1,975,000	103,718	2,078,718
Total Payments	\$ 3,785,000	\$ 397,493	\$ 4,182,493

2017 Jail General Obligation Bond. The County issued bonds on June 1, 2017, in the amount of \$6,060,000 for the purpose of redeeming Series 2012 Bonds, which were issued for the purpose of paying the costs of constructing a sheriff's office and county jail facilities, as well as acquiring real estate. The bond payable balance, as of June 30, 2020, was \$5,510,000. 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
2021	\$ 520,000	\$ 114,480	\$ 634,480
2022	530,000	103,980	633,980
2023	530,000	93,380	623,380
2024	540,000	82,680	622,680
2025	550,000	71,780	621,780
2026-2030	2,840,000	174,458	3,014,458
Total Payments	\$ 5,510,000	\$ 640,758	\$ 6,150,758

2020 Limited Tax County Building Bonds. The County issued bonds on January 9, 2020, in the amount of \$4,700,000 for the purpose constructing additions and improvements to the County law enforcement building. The bond payable balance, as of June 30, 2020, was \$4,700,000. 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
2021	\$ 895,000	\$ 132,683	\$ 1,027,683
2022	905,000	121,656	1,026,656
2023	930,000	97,400	1,027,400
2024	965,000	59,500	1,024,500
2025	1,005,000	20,100	1,025,100
Total Payments	\$ 4,700,000	\$ 431,339	\$ 5,131,339

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, 2020, was \$3,270,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Highway Allocation resources will be used to pay off the bonds.

LINCOLN COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

8. **Long-Term Debt** (Concluded)

Future Payments:

Year	Principal	Interest	Total
2021	\$ 610,000	\$ 111,371	\$ 721,371
2022	625,000	93,900	718,900
2023	650,000	68,400	718,400
2024	680,000	41,800	721,800
2025	705,000	14,100	719,100
Total Payments	<u>\$ 3,270,000</u>	<u>\$ 329,571</u>	<u>\$ 3,599,571</u>

LINCOLN COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 14,255,320	\$ 14,255,320	\$ 12,575,019	\$(1,680,301)
Licenses and Permits	130,900	130,900	167,738	36,838
Interest	125,000	125,000	96,268	(28,732)
Intergovernmental	1,812,338	1,812,338	3,208,139	1,395,801
Charges for Services	1,878,150	1,878,150	1,846,809	(31,341)
Miscellaneous	48,497	48,497	106,339	57,842
TOTAL RECEIPTS	18,250,205	18,250,205	18,000,312	(249,893)
DISBURSEMENTS				
General Government:				
County Board	193,700	193,700	180,664	13,036
County Clerk	368,365	368,365	322,816	45,549
County Treasurer	551,600	551,600	415,653	135,947
Register of Deeds	192,225	192,225	174,018	18,207
County Assessor	515,125	515,125	497,144	17,981
Planning Commission	40,384	40,384	38,792	1,592
Data Processing	114,815	114,815	84,126	30,689
Adv. Insurance and Bonds	2,663,500	2,663,500	2,568,372	95,128
Federal Payroll Tax	510,000	525,000	509,056	15,944
Clerk of the District Court	333,890	333,890	282,412	51,478
County Court System	45,335	45,335	44,789	546
District Judge	67,244	67,244	59,349	7,895
Public Defender	500,525	500,525	500,525	-
Building and Grounds	432,000	432,000	353,401	78,599
Jail Building and Grounds	198,100	198,100	158,236	39,864
Agricultural Extension Agent	165,400	165,400	154,512	10,888
Photostat Department	90,750	90,750	82,047	8,703
Retirement	473,000	492,000	472,099	19,901
Employment Security	8,000	8,000	7,835	165
Grant Funds	753,000	753,000	422,366	330,634
Miscellaneous	1,688,219	1,654,219	1,406,309	247,910
Public Safety				
County Sheriff	2,317,530	2,317,530	2,218,736	98,794
County Attorney	724,635	724,635	679,860	44,775
Communication Center	136,350	136,350	127,584	8,766
County Jail	2,448,350	2,448,350	2,396,727	51,623
Emergency Management	312,331	312,331	272,037	40,294
Merit Commission	1,250	1,250	8	1,242
Child Support Division	332,940	332,940	323,392	9,548
Probation Office	154,000	154,000	153,984	16
Ambulance and Rescue Operations	384,519	384,519	372,586	11,933
Dive and Rescue Team	19,800	19,800	17,573	2,227

LINCOLN COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DISBURSEMENTS (Continued)				
Public Works				
County Surveyor	68,995	68,995	58,410	10,585
Noxious Weed Control	221,535	221,535	101,703	119,832
Public Assistance				
Veterans' Service Officer	92,070	92,070	85,246	6,824
County Relief	111,300	111,300	80,336	30,964
Institutions	163,476	163,476	145,343	18,133
Victim's Assistance	67,550	67,550	59,397	8,153
TOTAL DISBURSEMENTS	<u>17,461,808</u>	<u>17,461,808</u>	<u>15,827,443</u>	<u>1,634,365</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>788,397</u>	<u>788,397</u>	<u>2,172,869</u>	<u>1,384,472</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(2,390,000)	(2,390,000)	(2,338,846)	51,154
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,390,000)</u>	<u>(2,390,000)</u>	<u>(2,338,846)</u>	<u>51,154</u>
Net Change in Fund Balance	(1,601,603)	(1,601,603)	(165,977)	1,435,626
FUND BALANCE - BEGINNING	<u>2,726,603</u>	<u>2,726,603</u>	<u>2,726,603</u>	-
FUND BALANCE - ENDING	<u>\$ 1,125,000</u>	<u>\$ 1,125,000</u>	<u>\$ 2,560,626</u>	<u>\$ 1,435,626</u>

(Concluded)

LINCOLN COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 3,930,836	\$ 3,930,836	\$ 3,965,356	\$ 34,520
Charges for Services	-	-	6,199	6,199
Miscellaneous	3,672	3,672	18,272	14,600
TOTAL RECEIPTS	<u>3,934,508</u>	<u>3,934,508</u>	<u>3,989,827</u>	<u>55,319</u>
DISBURSEMENTS	<u>7,775,945</u>	<u>7,775,945</u>	<u>7,365,110</u>	<u>410,835</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(3,841,437)</u>	<u>(3,841,437)</u>	<u>(3,375,283)</u>	<u>466,154</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,170,000	3,170,000	3,118,846	(51,154)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,170,000</u>	<u>3,170,000</u>	<u>3,118,846</u>	<u>(51,154)</u>
Net Change in Fund Balance	(671,437)	(671,437)	(256,437)	415,000
FUND BALANCE - BEGINNING	921,437	921,437	921,437	-
FUND BALANCE - ENDING	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 665,000</u>	<u>\$ 415,000</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 7,000	\$ 7,000	\$ 701,419	\$ 694,419
TOTAL RECEIPTS	<u>7,000</u>	<u>7,000</u>	<u>701,419</u>	<u>694,419</u>
DISBURSEMENTS	<u>2,559,103</u>	<u>2,559,103</u>	<u>4,505</u>	<u>2,554,598</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(2,552,103)</u>	<u>(2,552,103)</u>	<u>696,914</u>	<u>3,249,017</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(910,528)	(910,528)	(800,000)	110,528
TOTAL OTHER FINANCING SOURCES (USES)	<u>(910,528)</u>	<u>(910,528)</u>	<u>(800,000)</u>	<u>110,528</u>
Net Change in Fund Balance	(3,462,631)	(3,462,631)	(103,086)	3,359,545
FUND BALANCE - BEGINNING	4,362,631	4,362,631	4,362,631	-
FUND BALANCE - ENDING	<u>\$ 900,000</u>	<u>\$ 900,000</u>	<u>\$ 4,259,545</u>	<u>\$ 3,359,545</u>

(Continued)

LINCOLN COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
JAIL BUILDING FUND				
RECEIPTS				
Miscellaneous	\$ 4,500,000	\$ 4,500,000	\$ 4,916,819	\$ 416,819
TOTAL RECEIPTS	<u>4,500,000</u>	<u>4,500,000</u>	<u>4,916,819</u>	<u>416,819</u>
DISBURSEMENTS	<u>4,500,000</u>	<u>4,500,000</u>	<u>283,323</u>	<u>4,216,677</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>4,633,496</u>	<u>4,633,496</u>
Net Change in Fund Balance	-	-	4,633,496	4,633,496
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,633,496</u>	<u>\$ 4,633,496</u>

(Concluded)

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

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
HIGHWAY BUYBACK FUND				
Receipts	\$ 359,452	\$ 359,452	\$ 359,451	\$ (1)
Disbursements	(2,178,075)	(2,178,075)	(28,250)	2,149,825
Net Change in Fund Balance	(1,818,623)	(1,818,623)	331,201	2,149,824
Fund Balance - Beginning	1,818,623	1,818,623	1,818,623	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,149,824</u>	<u>\$ 2,149,824</u>
SPECIAL ROAD FUND				
Receipts	\$ -	\$ -	\$ 660,870	\$ 660,870
Disbursements	(2,250,758)	(2,250,758)	(932,018)	1,318,740
Transfers in	-	-	-	-
Transfers out	-	-	(615,517)	(615,517)
Net Change in Fund Balance	(2,250,758)	(2,250,758)	(886,665)	1,364,093
Fund Balance - Beginning	2,250,758	2,250,758	2,250,758	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,364,093</u>	<u>\$ 1,364,093</u>
ROAD IMPROVEMENT FUND				
Receipts	\$ -	\$ -	\$ 334	\$ 334
Disbursements	(3,362,695)	(3,362,695)	(1,669,531)	1,693,164
Transfers in	-	-	3,437,695	3,437,695
Transfers out	(75,000)	(75,000)	-	75,000
Net Change in Fund Balance	(3,437,695)	(3,437,695)	1,768,498	5,206,193
Fund Balance - Beginning	3,437,695	3,437,695	-	(3,437,695)
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,768,498</u>	<u>\$ 1,768,498</u>
CHILD SUPPORT INCENTIVE FUND				
Receipts	\$ 80,064	\$ 80,064	\$ 41,160	\$ (38,904)
Disbursements	(150,000)	(150,000)	(1,928)	148,072
Net Change in Fund Balance	(69,936)	(69,936)	39,232	109,168
Fund Balance - Beginning	69,936	69,936	69,936	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,168</u>	<u>\$ 109,168</u>
VISITORS PROMOTION FUND				
Receipts	\$ 655,148	\$ 655,148	\$ 471,466	\$ (183,682)
Disbursements	(1,308,294)	(1,308,294)	(817,538)	490,756
Transfers in	370,000	370,000	370,000	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(283,146)	(283,146)	23,928	307,074
Fund Balance - Beginning	333,146	333,146	333,146	-
Fund Balance - Ending	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 357,074</u>	<u>\$ 307,074</u>

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

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>VISITORS IMPROVEMENT FUND</u>				
Receipts	\$ 466,647	\$ 466,647	\$ 433,240	\$ (33,407)
Disbursements	(566,600)	(566,600)	(45,000)	521,600
Transfers in	-	-	-	-
Transfers out	(370,000)	(370,000)	(370,000)	-
Net Change in Fund Balance	(469,953)	(469,953)	18,240	488,193
Fund Balance - Beginning	469,953	469,953	469,953	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 488,193</u>	<u>\$ 488,193</u>
<u>PRESERVATION AND MODERNIZATION FUND</u>				
Receipts	\$ 23,000	\$ 23,000	\$ 24,509	\$ 1,509
Disbursements	(77,884)	(77,884)	(3,635)	74,249
Net Change in Fund Balance	(54,884)	(54,884)	20,874	75,758
Fund Balance - Beginning	54,884	54,884	54,884	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,758</u>	<u>\$ 75,758</u>
<u>SELF FUNDED INSURANCE FUND</u>				
Receipts	\$ 147,219	\$ 147,219	\$ 148,682	\$ 1,463
Disbursements	(260,500)	(260,500)	(99,970)	160,530
Net Change in Fund Balance	(113,281)	(113,281)	48,712	161,993
Fund Balance - Beginning	113,281	113,281	113,281	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,993</u>	<u>\$ 161,993</u>
<u>VETERANS' AID FUND</u>				
Receipts	\$ -	\$ -	\$ 631	\$ 631
Disbursements	(45,025)	(45,025)	-	45,025
Net Change in Fund Balance	(45,025)	(45,025)	631	45,656
Fund Balance - Beginning	45,025	45,025	45,025	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,656</u>	<u>\$ 45,656</u>
<u>DRUG LAW ENFORCEMENT AND EDUCATION FUND</u>				
Receipts	\$ 121,600	\$ 121,600	\$ 4,612	\$ (116,988)
Disbursements	(125,000)	(125,000)	(3,686)	121,314
Transfers in	-	-	2,375	2,375
Transfers out	-	-	-	-
Net Change in Fund Balance	(3,400)	(3,400)	3,301	6,701
Fund Balance - Beginning	9,500	9,500	9,500	-
Fund Balance - Ending	<u>\$ 6,100</u>	<u>\$ 6,100</u>	<u>\$ 12,801</u>	<u>\$ 6,701</u>

LINCOLN COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
FEDERAL FORFEITURE FUND				
Receipts	\$ 158,791	\$ 158,791	\$ -	\$ (158,791)
Disbursements	(175,000)	(175,000)	-	175,000
Transfers in	-	-	-	-
Transfers out	-	-	(2,375)	(2,375)
Net Change in Fund Balance	(16,209)	(16,209)	(2,375)	13,834
Fund Balance - Beginning	16,209	16,209	16,209	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,834</u>	<u>\$ 13,834</u>
KENO LOTTERY FUND				
Receipts	\$ 65,004	\$ 65,004	\$ 53,302	\$ (11,702)
Disbursements	(417,000)	(417,000)	(100)	416,900
Net Change in Fund Balance	(351,996)	(351,996)	53,202	405,198
Fund Balance - Beginning	351,996	351,996	351,996	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 405,198</u>	<u>\$ 405,198</u>
JUVENILE FACILITY FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(70,000)	(70,000)	(14,827)	55,173
Transfers in	65,203	65,203	20,000	(45,203)
Transfers out	-	-	-	-
Net Change in Fund Balance	(4,797)	(4,797)	5,173	9,970
Fund Balance - Beginning	4,797	4,797	4,797	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,970</u>	<u>\$ 9,970</u>
JAIL BOND FUND				
Receipts	\$ 911,600	\$ 911,600	\$ 921,348	\$ 9,748
Disbursements	(2,920,185)	(2,920,185)	(1,118,179)	1,802,006
Transfers in	65,325	65,325	-	(65,325)
Transfers out	-	-	-	-
Net Change in Fund Balance	(1,943,260)	(1,943,260)	(196,831)	1,746,429
Fund Balance - Beginning	1,943,260	1,943,260	1,943,260	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,746,429</u>	<u>\$ 1,746,429</u>
HANDICAPPED ACCESSIBILITY FUND				
Receipts	\$ -	\$ -	\$ 5	\$ 5
Disbursements	(226,435)	(226,435)	-	226,435
Net Change in Fund Balance	(226,435)	(226,435)	5	226,440
Fund Balance - Beginning	226,435	226,435	226,435	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 226,440</u>	<u>\$ 226,440</u>

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

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
COURTHOUSE BUILDING FUND				
Receipts	\$ 414,599	\$ 414,599	\$ 637,163	\$ 222,564
Disbursements	(1,961,732)	(1,961,732)	(75,711)	1,886,021
Net Change in Fund Balance	(1,547,133)	(1,547,133)	561,452	2,108,585
Fund Balance - Beginning	1,549,133	1,549,133	1,549,133	-
Fund Balance - Ending	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 2,110,585</u>	<u>\$ 2,108,585</u>
HIGHWAY ROAD BOND FUND				
Receipts	\$ 1,000,000	\$ 1,000,000	\$ 10,906	\$ (989,094)
Disbursements	(1,075,000)	(1,075,000)	(130,763)	944,237
Transfers in	75,000	75,000	615,517	540,517
Transfers out	-	-	(3,437,695)	(3,437,695)
Net Change in Fund Balance	-	-	(2,942,035)	(2,942,035)
Fund Balance - Beginning	-	-	3,437,695	3,437,695
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 495,660</u>	<u>\$ 495,660</u>

(Concluded)

LINCOLN COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	Highway Buyback Fund	Special Road Fund	Road Improvement Fund	Child Support Incentive Fund	Visitors Promotion Fund	Visitors Improvement Fund
RECEIPTS						
Property Taxes	\$ -	\$ 534,239	\$ -	\$ -	\$ 433,239	\$ 433,240
Investment Income	-	-	334	-	-	-
Intergovernmental	359,451	126,631	-	41,160	21,080	-
Charges for Services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	17,147	-
TOTAL RECEIPTS	<u>359,451</u>	<u>660,870</u>	<u>334</u>	<u>41,160</u>	<u>471,466</u>	<u>433,240</u>
DISBURSEMENTS						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	1,928	-	-
Public Works	28,250	932,018	1,669,531	-	-	-
Culture and Recreation	-	-	-	-	817,538	45,000
Debt Service:						
Principal Payments	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>28,250</u>	<u>932,018</u>	<u>1,669,531</u>	<u>1,928</u>	<u>817,538</u>	<u>45,000</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>331,201</u>	<u>(271,148)</u>	<u>(1,669,197)</u>	<u>39,232</u>	<u>(346,072)</u>	<u>388,240</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	3,437,695	-	370,000	-
Transfers out	-	(615,517)	-	-	-	(370,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(615,517)</u>	<u>3,437,695</u>	<u>-</u>	<u>370,000</u>	<u>(370,000)</u>
Net Change in Fund Balances	331,201	(886,665)	1,768,498	39,232	23,928	18,240
FUND BALANCES - BEGINNING	<u>1,818,623</u>	<u>2,250,758</u>	<u>-</u>	<u>69,936</u>	<u>333,146</u>	<u>469,953</u>
FUND BALANCES - ENDING	<u>\$ 2,149,824</u>	<u>\$ 1,364,093</u>	<u>\$ 1,768,498</u>	<u>\$ 109,168</u>	<u>\$ 357,074</u>	<u>\$ 488,193</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	357,074	488,193
Insurance	-	-	-	-	-	-
Drug Education	-	-	-	-	-	-
Law Enforcement	-	-	-	-	-	-
Preservation of Records	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Road Maintenance	2,149,824	-	-	-	-	-
Child Support Enforcement	-	-	-	109,168	-	-
County Buildings	-	-	-	-	-	-
Committed to:						
Road Maintenance	-	1,364,093	1,768,498	-	-	-
Aid and Assistance	-	-	-	-	-	-
Miscellaneous Projects	-	-	-	-	-	-
Juvenile Court Costs	-	-	-	-	-	-
Handicapped Accessibility	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 2,149,824</u>	<u>\$ 1,364,093</u>	<u>\$ 1,768,498</u>	<u>\$ 109,168</u>	<u>\$ 357,074</u>	<u>\$ 488,193</u>

(Continued)

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

For the Year Ended June 30, 2020

	Preservation and Modernization Fund	Self Funded Insurance Fund	Veterans' Aid Fund	Drug Law Enforcement and Education Fund	Federal Forfeiture Fund	KENO Lottery Fund
RECEIPTS						
Property Taxes	\$ -	\$ 134,428	\$ -	\$ -	\$ -	\$ -
Investment Income	-	55	631	-	-	196
Intergovernmental	-	14,199	-	4,584	-	-
Charges for Services	24,509	-	-	-	-	-
Miscellaneous	-	-	-	28	-	53,106
TOTAL RECEIPTS	<u>24,509</u>	<u>148,682</u>	<u>631</u>	<u>4,612</u>	<u>-</u>	<u>53,302</u>
DISBURSEMENTS						
General Government	3,635	99,970	-	-	-	100
Public Safety	-	-	-	3,686	-	-
Public Works	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
Debt Service:						
Principal Payments	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>3,635</u>	<u>99,970</u>	<u>-</u>	<u>3,686</u>	<u>-</u>	<u>100</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>20,874</u>	<u>48,712</u>	<u>631</u>	<u>926</u>	<u>-</u>	<u>53,202</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	2,375	-	-
Transfers out	-	-	-	-	(2,375)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,375</u>	<u>(2,375)</u>	<u>-</u>
Net Change in Fund Balances	20,874	48,712	631	3,301	(2,375)	53,202
FUND BALANCES - BEGINNING	<u>54,884</u>	<u>113,281</u>	<u>45,025</u>	<u>9,500</u>	<u>16,209</u>	<u>351,996</u>
FUND BALANCES - ENDING	<u>\$ 75,758</u>	<u>\$ 161,993</u>	<u>\$ 45,656</u>	<u>\$ 12,801</u>	<u>\$ 13,834</u>	<u>\$405,198</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	-
Insurance	-	161,993	-	-	-	-
Drug Education	-	-	-	12,801	-	-
Law Enforcement	-	-	-	-	13,834	-
Preservation of Records	75,758	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Road Maintenance	-	-	-	-	-	-
Child Support Enforcement	-	-	-	-	-	-
County Buildings	-	-	-	-	-	-
Committed to:						
Road Maintenance	-	-	-	-	-	-
Aid and Assistance	-	-	45,656	-	-	-
Miscellaneous Projects	-	-	-	-	-	405,198
Juvenile Court Costs	-	-	-	-	-	-
Handicapped Accessibility	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 75,758</u>	<u>\$ 161,993</u>	<u>\$ 45,656</u>	<u>\$ 12,801</u>	<u>\$ 13,834</u>	<u>\$405,198</u>

(Continued)

LINCOLN COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	Juvenile Facility Fund	Jail Bond Fund	Handicapped Accessibility Fund	Courthouse Building Fund	Highway Road Bond Fund	Total Nonmajor Governmental Funds
RECEIPTS						
Property Taxes	\$ -	\$ 832,294	\$ 5	\$ 547,354	\$ 10,340	\$ 2,925,139
Investment Income	-	947	-	836	-	2,999
Intergovernmental	-	88,107	-	42,662	566	698,440
Charges for Services	-	-	-	-	-	24,509
Miscellaneous	-	-	-	46,311	-	116,592
TOTAL RECEIPTS	<u>-</u>	<u>921,348</u>	<u>5</u>	<u>637,163</u>	<u>10,906</u>	<u>3,767,679</u>
DISBURSEMENTS						
General Government	-	-	-	75,711	-	179,416
Public Safety	14,827	-	-	-	-	20,441
Public Works	-	-	-	-	-	2,629,799
Culture and Recreation	-	-	-	-	-	862,538
Debt Service:						
Principal Payments	-	855,000	-	-	-	855,000
Interest and Fiscal Charges	-	263,179	-	-	130,763	393,942
TOTAL DISBURSEMENTS	<u>14,827</u>	<u>1,118,179</u>	<u>-</u>	<u>75,711</u>	<u>130,763</u>	<u>4,941,136</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(14,827)</u>	<u>(196,831)</u>	<u>5</u>	<u>561,452</u>	<u>(119,857)</u>	<u>(1,173,457)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	20,000	-	-	-	615,517	4,445,587
Transfers out	-	-	-	-	(3,437,695)	(4,425,587)
TOTAL OTHER FINANCING SOURCES (USES)	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,822,178)</u>	<u>20,000</u>
Net Change in Fund Balances	5,173	(196,831)	5	561,452	(2,942,035)	(1,153,457)
FUND BALANCES - BEGINNING	<u>4,797</u>	<u>1,943,260</u>	<u>226,435</u>	<u>1,549,133</u>	<u>3,437,695</u>	<u>12,694,631</u>
FUND BALANCES - ENDING	<u>\$ 9,970</u>	<u>\$ 1,746,429</u>	<u>\$ 226,440</u>	<u>\$2,110,585</u>	<u>\$ 495,660</u>	<u>\$ 11,541,174</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	845,267
Insurance	-	-	-	-	-	161,993
Drug Education	-	-	-	-	-	12,801
Law Enforcement	-	-	-	-	-	13,834
Preservation of Records	-	-	-	-	-	75,758
Debt Service	-	1,746,429	-	-	495,660	2,242,089
Road Maintenance	-	-	-	-	-	2,149,824
Child Support Enforcement	-	-	-	-	-	109,168
County Buildings	-	-	-	2,110,585	-	2,110,585
Committed to:						
Road Maintenance	-	-	-	-	-	3,132,591
Aid and Assistance	-	-	-	-	-	45,656
Miscellaneous Projects	-	-	-	-	-	405,198
Juvenile Court Costs	9,970	-	-	-	-	9,970
Handicapped Accessibility	-	-	226,440	-	-	226,440
TOTAL FUND BALANCES	<u>\$ 9,970</u>	<u>\$ 1,746,429</u>	<u>\$ 226,440</u>	<u>\$2,110,585</u>	<u>\$ 495,660</u>	<u>\$ 11,541,174</u>

(Concluded)

LINCOLN COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2020

	County Clerk	Register of Deeds	Clerk of the District Court	County Sheriff	County Attorney	Weed Superintendent	Highway Superintendent
BALANCES JULY 1, 2019	\$ 918	\$ 40,210	\$ 389,710	\$ 68,996	\$ 4,214	\$ 14,410	\$ -
RECEIPTS							
Property Taxes	-	-	-	-	-	-	-
Licenses and Permits	3,675	-	-	2,165	-	-	600
Intergovernmental	-	-	-	19,575	-	-	-
Charges for Services	3,793	305,832	73,000	516,793	11,750	20,256	18,272
Miscellaneous	-	-	20	2,734	1,584	-	-
State Fees	-	340,147	60,705	-	-	-	-
Other Liabilities	-	-	2,190,006	927,847	16,725	-	-
TOTAL RECEIPTS	7,468	645,979	2,323,731	1,469,114	30,059	20,256	18,872
DISBURSEMENTS							
Payments to County Treasurer	7,596	294,222	79,167	551,000	7,861	31,871	18,872
Payments to State Treasurer	-	327,634	59,507	-	-	-	-
Other Liabilities	-	-	2,148,450	903,278	19,779	-	-
TOTAL DISBURSEMENTS	7,596	621,856	2,287,124	1,454,278	27,640	31,871	18,872
BALANCES JUNE 30, 2020	<u>\$ 790</u>	<u>\$ 64,333</u>	<u>\$ 426,317</u>	<u>\$ 83,832</u>	<u>\$ 6,633</u>	<u>\$ 2,795</u>	<u>\$ -</u>
BALANCES CONSIST OF:							
Due to County Treasurer	\$ 740	\$ 31,103	\$ 6,640	\$ 26,589	\$ 5,558	\$ 2,795	\$ -
Petty Cash	50	-	220	2,000	1,000	-	-
Due to State Treasurer	-	33,230	5,161	-	-	-	-
Due to Others	-	-	414,296	55,243	75	-	-
BALANCES JUNE 30, 2020	<u>\$ 790</u>	<u>\$ 64,333</u>	<u>\$ 426,317</u>	<u>\$ 83,832</u>	<u>\$ 6,633</u>	<u>\$ 2,795</u>	<u>\$ -</u>

(Continued)

LINCOLN COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2020

	Veterans' Service Officer	County Extension	County Visitors Center	County Planning and Zoning	County Dive Rescue Team	County Assessor	Total
BALANCES JULY 1, 2019	\$ 12,640	\$ 100	\$ 1,470	\$ -	\$ 1,060	\$ -	\$ 533,728
RECEIPTS							
Property Taxes	-	-	-	-	-	-	-
Licenses and Permits	-	-	-	7,615	-	-	14,055
Intergovernmental	5,000	-	-	-	-	-	24,575
Charges for Services	-	-	-	-	-	-	949,696
Miscellaneous	27	94	-	-	-	199	4,658
State Fees	-	-	-	-	-	-	400,852
Other Liabilities	-	-	14,289	-	-	-	3,148,867
TOTAL RECEIPTS	5,027	94	14,289	7,615	-	199	4,542,703
DISBURSEMENTS							
Payments to County Treasurer	-	-	-	7,615	-	199	998,403
Payments to State Treasurer	-	-	-	-	-	-	387,141
Other Liabilities	513	94	15,659	-	1,055	-	3,088,828
TOTAL DISBURSEMENTS	513	94	15,659	7,615	1,055	199	4,474,372
BALANCES JUNE 30, 2020	<u>\$ 17,154</u>	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 602,059</u>
BALANCES CONSIST OF:							
Due to County Treasurer	\$ 17,154	\$ -	\$ -	\$ -	\$ 5	\$ -	\$ 90,584
Petty Cash	-	100	100	-	-	-	3,470
Due to State Treasurer	-	-	-	-	-	-	38,391
Due to Others	-	-	-	-	-	-	469,614
BALANCES JUNE 30, 2020	<u>\$ 17,154</u>	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 602,059</u>

(Concluded)

LINCOLN COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
 June 30, 2020

Item	2015	2016	2017	2018	2019
Tax Certified by Assessor					
Real Estate	\$ 62,823,802	\$ 66,795,208	\$ 68,528,741	\$ 69,429,897	\$ 70,980,731
Personal and Specials	5,181,685	4,927,663	4,879,359	5,045,336	4,950,819
Total	68,005,487	71,722,871	73,408,100	74,475,233	75,931,550
Corrections					
Additions	19,625	23,802	13,064	23,346	44,959
Deductions	(18,505)	(19,539)	(9,994)	(6,980)	(65,045)
Net Additions/ (Deductions)	1,120	4,263	3,070	16,366	(20,086)
Corrected Certified Tax	68,006,607	71,727,134	73,411,170	74,491,599	75,911,464
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2016	40,436,989	-	-	-	-
June 30, 2017	27,518,271	42,492,463	-	-	-
June 30, 2018	45,633	29,203,610	44,321,990	-	-
June 30, 2019	3,090	23,797	29,048,827	43,719,192	-
June 30, 2020	1,100	4,497	28,661	30,736,145	44,793,092
Total Net Collections	68,005,083	71,724,367	73,399,478	74,455,337	44,793,092
Total Uncollected Tax	\$ 1,524	\$ 2,767	\$ 11,692	\$ 36,262	\$ 31,118,372
Percentage Uncollected Tax	0.00%	0.00%	0.02%	0.05%	40.99%

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

LINCOLN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Subrecipients
DEPARTMENT OF JUSTICE				
Passed through Nebraska Commission on Law Enforcement and Criminal Justice Crime Victim Assistance	16.575	unavailable	\$ 56,161	
Total U.S. Department of Justice			<u>56,161</u>	<u>\$ -</u>
DEPARTMENT OF HOMELAND SECURITY				
Passed through Nebraska Military Department Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	unavailable	162,374	
Emergency Management Performance Grants	97.042	unavailable	59,739	12,662
Homeland Security Grant Program	97.067	unavailable	<u>15,082</u>	
Total U.S. Department of Homeland Security			<u>237,195</u>	<u>12,662</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through Nebraska Department of Health and Human Services Child Support Enforcement	93.563	unavailable	* 340,469	
Total U.S. Department of Health and Human Services			<u>340,469</u>	<u>-</u>
DEPARTMENT OF TRANSPORTATION				
Passed through Nebraska Department of Transportation State and Community Highway Safety	20.600	unavailable	7,451	
National Priority Safety Programs	20.616	unavailable	7,570	
Passed through Nebraska Game and Parks Commission Recreational Trails Program	20.219	unavailable	* <u>243,012</u>	
Total U.S. Department of Transportation			<u>258,033</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 891,858</u>	<u>\$ 12,662</u>

* Represents Major Program
See accompanying Notes to the Schedule of Expenditures of Federal Awards

LINCOLN COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2020

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, 2020, except as noted in Note 2 below. 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, changes or 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 to use the 10 percent de minimis indirect cost rate, as allowed under Uniform Guidance, except for the Child Support Enforcement Program.

3. Disaster Grants – Public Assistance (Presidentially Declared Disasters)

After a presidentially declared disaster, FEMA provides Disaster Grants – Public Assistance (Presidentially Declared Disasters) (CFDA 97.036) to reimburse eligible costs associated with the repair, replacement, or restoration of disaster-damaged infrastructure. The Schedule of Expenditures of Federal Awards reports expenditures of \$162,374 for this program. This entire amount was incurred and paid in the fiscal year ending June 30, 2019. No expenditures related to this program were incurred and paid in the fiscal year ending June 30, 2020.



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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LINCOLN COUNTY

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

Board of Commissioners
Lincoln County, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lincoln County, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Lincoln County's basic financial statements, and have issued our report thereon dated December 29, 2020. The report notes the financial statements were prepared on the basis of cash receipts and disbursements

Internal Control Over Financial Reporting

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

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 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

Compliance and Other Matters

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

Additional Items

We also noted certain matters that we reported to the management of Lincoln County in a separate letter dated December 29, 2020.

Lincoln County's Response to Findings

Lincoln County declined to respond to the finding described above.

Purpose of this Report

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



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

December 29, 2020



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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LINCOLN COUNTY
**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND
REPORT ON THE SCHEDULE OF EXPENITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

Board of Commissioners
Lincoln County, Nebraska

Report on Compliance for Each Major Federal Program

We have audited Lincoln County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Lincoln County's major Federal programs for the year ended June 30, 2020. 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.

Management's Responsibility

Management is responsible for compliance with the Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Lincoln County's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Lincoln County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of Lincoln County's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, Lincoln County complied, in all material respects, with the types of 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, 2020.

Report on Internal Control Over Compliance

Management of Lincoln County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lincoln County's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lincoln County's internal control over compliance.

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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of the 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Lincoln County as of and for the year ended June 30, 2020, and have issued our report thereon dated December 29, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements, which collectively comprise the basic financial statements. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis, as required by the Uniform Guidance, and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of Federal awards is fairly stated in all material respects in relation to the financial statements as a whole. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.

December 29, 2020



Deann Haeffner
Assistant Deputy Auditor
Lincoln, Nebraska

LINCOLN COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2020

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 the cash basis of accounting:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

___ Yes X None Reported

Significant deficiencies identified?

X Yes ___ No

Noncompliance material to financial statements noted?

___ Yes X None Reported

Federal Awards

Internal control over major programs:

Material weaknesses identified?

___ Yes X None Reported

Significant deficiencies identified?

___ Yes X 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)?

___ Yes X No

Major programs: **Child Support Enforcement: CFDA #93.563**
Recreational Trails Program: CFDA #20.219

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
(Concluded)

Section II – Financial Statement Findings

Finding # 2020-1

- 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, and most of those offices employ one or two individuals. The offices remit the money to the County Treasurer.
- Effect - This lack of segregation of duties results in an inadequate overall internal control structure design.
- Cause - The County does not employ sufficient office personnel to segregate accounting functions properly.
- Recommendation - The County should be aware of the inherent risks associated with improper segregation of accounting functions. The County should also develop mitigating controls to reduce the risk of errors or fraud associated with the improper segregation of accounting functions.
- View of Officials - The County has discussed the finding but must consider the cost of adequate segregation of duties when determining the use of tax money.

Section III – Federal Award Findings and Questioned Costs

None Noted



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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December 29, 2020

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, 2020, and have issued our report thereon dated December 29, 2020. 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 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 long in the following accounts:

Account	Overage Held
Fee Account	\$ 3,177
Civil Process Account	\$ 692
Inmate Account	\$ 41,214
Distress Warrant Account	\$ 29
Execution Account	\$ 3
Total	\$ 45,115

- A Balance Sheet Report was run from the County Sheriff's Inmate Accounting System for June 30, 2020; however, the Report did not appear accurate. For example, the report listed \$13,332 as being due to Lattice, the former inmate phone provider. Based on a discussion with the County Sheriff's Office, however, no amounts were actually owed to Lattice. Therefore, we were unable to rely on the Balance Sheet Report from the County Sheriff's Inmate Accounting System to determine who the balances in the account belonged to.
- An accurate monthly bank reconciliation was not performed for the County Sheriff's Inmate Fund bank account. While performing a bank reconciliation for June 30, 2020, we noted an unknown long of \$115 between the reconciled bank balance and the balance noted in the County Sheriff's Inmate Accounting System. We also noted that, when the County Sheriff's Office performed a bank reconciliation for June 30, 2020, and printed the Reconciliation Report from the accounting system, the report stated "Statement not Balanced."

- The County Sheriff remitted fees collected to the County Treasurer, but not fees earned as required by Neb. Rev. Stat. § 33-117(3) (Reissue 2016).
- Petty cash in the amount of \$1,000 is maintained in the Sheriff's office for the Sheriff's fees; however, the petty cash is not reconciled to the authorized amount. As of June 30, 2020, a shortage of \$144 was noted.

As referenced above, § 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.

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

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

A similar comment was included in the prior year audit.

We recommend the County Sheriff implement monthly fund balancing procedures to ensure that regular bank and asset-to-liability reconciliations are performed for all accounts. We further recommend the County Sheriff review all funds held and remit excess funds to the appropriate parties, and ensure all fees collected or earned are handled in accordance with State statute. Lastly, we recommend the County Sheriff implement procedures to ensure a periodic reconciliation of the petty cash funds to the authorized amount is completed.

COUNTY ATTORNEY

Accounting Procedures

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

- Diversion fees were not remitted timely to the County Treasurer. Diversion fees were remitted in November 2019, and January 2020, but no fees were remitted between February 2020, and June 2020. A total of \$5,000 of receipts had not been remitted at June 30, 2020. Also, the County Attorney held \$75 owed to Traffic Safety Plus as of June 30, 2020, that was not paid out in a timely manner.
- There was an unknown balance of \$187 in the Drug Fund bank account. The County Attorney was unable to identify the recipient of these funds.
- There was an unknown balance of \$9 in the Bad Check Restitution bank account. The County Attorney was unable to identify the recipient of these funds.

Sound accounting practices and good internal controls require procedures to ensure that adequate reconciliation and balancing methods are utilized, including procedures to ensure office assets (cash on hand, reconciled bank balance, accounts receivable, etc.) are in agreement with office liabilities (fee and trust accounts) on at least a monthly basis.

Such procedures should also include the timely identification and resolution of all variances noted and the maintenance of proper documentation to support correct balances. Finally, the procedures should ensure the timely remittance of all fees to the County Treasurer.

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

A similar comment was included in the prior year audit.

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

COUNTY TREASURER

Approval of Interfund Transfers and Expenditures in Excess of Appropriations

During our audit, we noted that the County Treasurer recorded two interfund transfers, totaling \$4,053,212, which were not approved by the County Board. Those unapproved transfers are summarized in the following table:

Date	Transfer Out	Transfer In	Amount
8/12/2019	Highway Road Bond Fund	Road Improvement Fund	\$ 3,437,695
6/25/2020	Special Road Fund	Highway Road Bond Fund	\$ 615,517
Total			\$ 4,053,212

Furthermore, due to the transfer of \$3,437,695 from the Highway Road Bond Fund noted above, the actual expenditures for the Highway Road Bond Fund exceeded the adopted budget by \$2,493,458. This transfer was made to move bond proceeds that were receipted incorrectly into the Highway Road Bond Fund in the prior year. However, this significant transfer out was not budgeted for.

Sound accounting practices and good internal controls require procedures to ensure that the County Board approves and budgets for all transfers and disbursements.

Without such procedures, there is an increased risk of not only the County Board not being fully apprised of the financial status of the County’s funds but also the loss, theft, or misuse of County money.

We recommend the County implement procedures to ensure the County Board approves all transfers and disbursements prior to their occurrence. We further recommend the County implement procedures to monitor closely its budget status on an ongoing basis to avoid incurring expenses in excess of the amount budgeted.

County Treasurer’s Response: I, Shelli Franzen, Lincoln County Treasurer, was informed that the \$3,437,695.00 was receipted into the wrong fund. After discussing this with the Clerk, I transferred the money from the Highway Road Bond to the Road Improvement Fund. The \$615,517.00, the levy was entered under the Special Road Fund instead of the Highway Road Bond Fund. The levy sheets I received from the Clerk’s office stated it should be Fund 800 not Fund 4600. Therefore I had to do a transfer of the money collected from revenue for the Bond payments. I now know that any transfer of this nature has to be approved by the Board.

COUNTY CLERK OF THE DISTRICT COURT

Review of Overdue Case Account Report

We tested 10 overdue balances due to District Court, and noted 9 of those balances, totaling \$12,658, did not have subsequent action taken by the District Court to ensure collection and/or resolution of the balances. For all nine balances, there has been no activity in at least two years. The last activity noted on these cases ranged from 1999 to 2018. As of July 31, 2020, the Overdue Case Account report contained 580 overdue criminal case balances, totaling \$228,968. Of the cases on the report, only 16 cases, totaling \$6,760, were flagged as having a bankruptcy, suspension, or warrant.

Sound accounting practices and good internal controls require procedures to ensure that the balances on the Overdue Case Account Report are reviewed on an ongoing, timely basis to determine what action should be taken to collect or otherwise resolve those overdue 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 being overdue in the accounting system.

A similar comment was included in the prior year 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 adequately documented. 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 RESCUE TEAM

Bank Account Maintained and Lack of Supporting Documentation

During the audit, we noted that the Lincoln County Dive Rescue Team, whose purpose is to rescue drowning victims and retrieve lost property, had a bank account for which prior-year donations were received and used to make payments without County Board approval. At the beginning of the fiscal year, the account balance was \$1,060. During the year, however, three checks, totaling \$1,055, were paid out of the account, reducing the balance therein to \$5 as of June 30, 2020. For two disbursements tested, totaling \$600, adequate supporting documentation was not on file. Those purchases were recorded in separate records as being for equipment and training.

We noted further that the Lincoln County Dive Rescue Team bank account was created using the County's tax identification number, but no County personnel were authorized signers on the account. Likewise, no activity reports for the account were provided to the County Board or County Treasurer.

Neb. Rev. Stat. § 23-1601(1) (2020 Neb. Laws, LB 781, § 1) states the following:

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

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

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

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. The same procedures should ensure also that all expenditures of public funds are subject to the County's claim and warrant process and are adequately documented to support the propriety and reasonableness of those disbursements.

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 included in the prior year audit.

We recommend the implementation of procedures to ensure that designated County personnel are authorized signers on any bank account utilizing the County's tax identification number, and the County Board or County Treasurer is apprised of such account's activity. The same procedures should ensure also that all expenditures of public funds are subject to the County's claim and warrant process and are adequately documented to support the propriety and reasonableness of those disbursements.

COUNTY HIGHWAY DEPARTMENT

Receipting Procedures

During our audit, we noted that the County Highway Department (Department) lacked proper receipts or other such documentation to support monies received.

The Department collects various road maintenance, rental, installation, and right-of-way fees; however, no receipts or logs were maintained to support the collection of those monies. During fiscal year 2020, the County Treasurer records reflect \$18,272 in fees were collected related to the County Highway Department.

Sound accounting practices and good internal controls require procedures to ensure that receipts or receipt logs are maintained for all fees collected. That documentation should be created at the time the funds are collected by the office.

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

A similar comment was included in the prior year audit.

We recommend the Department implement procedures to ensure that receipts or receipt logs are maintained whenever the office collects funds.

County Highway Department's Response: In regards to the Lincoln County Draft Audit Report that was emailed to Lincoln County on December 17, 2020. Under the County Highway Department, Receipting Procedures. The 2nd paragraph reads "...no receipts or logs were maintained to support the collection of those monies." On August 4, 2020, Jennifer Lydic (Office Manager for Lincoln County Roads) was requested by the auditors to email copies of the receipts for the monies we collected. That email contained the copies of the receipts for the majority of the \$18,272.00 that was reflected by the County Treasurer, that we had collected. The balance of the receipts (with the exception of the \$25.00 Public Tax Sale) were inadvertently not included in the email, but we do have them receipted.

We will implement a different procedure for logging and receipting of funds collected by our department. We are in the process of implementing a different procedure for logging and receipting of funds. We will be keeping the records monthly.

APA Response: The email referenced above only included copies of the County Treasurer's miscellaneous receipts. The County Treasurer's miscellaneous receipts only support funds were remitted to the County Treasurer and do not support the actual collections of the County Highway Department (Department). Without separate records such as a ledger/log or receipt book maintained by the County Highway Department, we were unable to determine if the amount receipted with the County Treasurer was accurate and when such monies were actually collected by the Department.

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.

A similar comment was included in the prior year audit.

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

We 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.

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.

- The County Clerk's imprest account had 22 checks, totaling \$1,865, that were outstanding for over three years. As of audit fieldwork in early December 2020, these checks had not been remitted to the State Treasurer. These checks were originally issued in fiscal years 2014 to 2017.
- The County Sheriff's Inmate Account had 124 checks, totaling \$448, and the Distress Warrant Account had five checks, totaling \$20, that were outstanding for over three years. As of audit fieldwork in early December 2020, these checks had not been remitted to the State Treasurer. These checks were originally issued in fiscal years 2011 through 2017.
- The County Attorney had \$353 in checks that were outstanding for over three years. For most of these checks, an actual issue date could not be provided; however, per the County Attorney's office, the checks were issued prior to 2015.

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 (Reissue 2018) 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 of State statute.

A similar comment was included in the prior year audit.

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

* * * * *

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

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

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

Sincerely,



Deann Haeffner, CPA
Assistant Deputy Auditor