

***LANCASTER COUNTY, NEBRASKA***

FINANCIAL STATEMENTS

WITH

SUPPLEMENTARY INFORMATION

AND

INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2015



LANCASTER COUNTY, NEBRASKA  
FINANCIAL STATEMENTS  
WITH  
SUPPLEMENTARY INFORMATION  
AND  
INDEPENDENT AUDITOR'S REPORT  
YEAR ENDED JUNE 30, 2015

LANCASTER COUNTY, NEBRASKA  
 FINANCIAL STATEMENTS  
 WITH SUPPLEMENTARY INFORMATION  
 Year Ended June 30, 2015

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Lancaster County, Nebraska

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lancaster County, Nebraska (County), as of and for the year ended June 30, 2015, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and aggregate remaining fund information of the County as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information as listed on the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2016 on our consideration of the 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 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 the County's internal control over financial reporting and compliance.

*Allen, Gibbs & Houlik, L.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

January 27, 2016  
Wichita, KS

# Lancaster County, Nebraska

## Statement of Net Position

June 30, 2015

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash, including investments	\$ 48,033,822
Taxes receivable	26,208,797
Due from other governmental agencies	3,199,498
Accounts receivable	472,900
Interest receivable	5,536
Patient and insurance receivable, net of allowance for doubtful accounts of \$729,970	180,012
Capital assets:	
Land and construction in progress	13,364,279
Other capital assets, net of depreciation	170,700,993
Total assets	<u>262,165,837</u>
<b>Liabilities:</b>	
Accounts payable	4,222,931
Accrued salaries	2,181,687
Advance payable	36,737
Accrued interest payable	178,713
Claims liability	2,708,620
Long-term liabilities:	
Due within one year	9,304,000
Due in more than one year	60,331,744
Total liabilities	<u>78,964,432</u>
<b>Deferred inflows of resources:</b>	
Deferred amounts on refunding	2,020,179
Total deferred inflows of resources	<u>2,020,179</u>
<b>Net position:</b>	
Net investment in capital assets	121,551,544
Restricted for:	
Visitor improvement	3,139,849
Rural library services	280,815
Building, land and road maintenance	4,647,567
Drug education	2,476,273
Economic development	339,337
Debt service	5,541,589
Minor equipment	855,969
Jail construction	1,486,424
Emergency management	40,970
Unrestricted	40,820,889
Total net position	<u>\$ 181,181,226</u>

The accompanying notes are an integral part of the basic financial statements.

# Lancaster County, Nebraska

## Statement of Activities

Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
<b>Governmental activities:</b>					
General government	\$ 20,436,775	\$ 13,039,348	\$ 1,856,726	\$ -	\$ (5,540,701)
Public safety	61,294,280	-	4,050,708	-	(57,243,572)
Community development	2,334	-	-	-	(2,334)
Public works	16,935,350	5,831,236	8,517,207	1,543,258	(1,043,649)
Public health and human services	13,108,978	1,750,906	4,929,210	-	(6,428,862)
Culture and recreation	3,935,203	-	-	-	(3,935,203)
Joint public agency services	2,220,994	-	-	-	(2,220,994)
Interest on long-term debt	2,810,941	54,900	-	-	(2,756,041)
Total primary government	\$ 120,744,855	\$ 20,676,390	\$ 19,353,851	\$ 1,543,258	(79,171,356)
<b>General revenues:</b>					
Taxes:					
Property tax					62,081,173
Inheritance tax					5,158,564
Motor vehicle tax					7,678,508
Lodging tax					3,011,318
In-lieu-of tax					1,881,094
Other:					
Miscellaneous					3,193,205
Intergovernmental					4,993,568
Investment income					202,504
Total general revenues					88,199,934
Change in net position					9,028,578
<b>Net position-beginning</b>					
Prior period adjustments					
<b>Net position-ending</b>					
\$ 181,181,226					

The accompanying notes are an integral part of the basic financial statements.

# Lancaster County, Nebraska

## Balance Sheet Governmental Funds June 30, 2015

	General	Capital Project Highway Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash, including investments	\$ 15,431,873	\$ 4,187,895	\$ 22,172,270	\$ 41,792,038
Taxes receivable	23,646,162	-	2,562,635	26,208,797
Due from other government agencies	1,426,755	768,185	1,004,552	3,199,492
Accounts receivable	288,909	5,235	165,342	459,486
Interest receivable	1,942	1,277	1,829	5,048
Patient and insurance receivables, net of allowance for doubtful accounts of \$729,970	-	-	180,012	180,012
<b>Total assets</b>	<b>\$ 40,795,641</b>	<b>\$ 4,962,592</b>	<b>\$ 26,086,640</b>	<b>\$ 71,844,873</b>
<b>Liabilities:</b>				
Accounts payable	\$ 1,681,792	\$ 1,389,853	\$ 880,851	\$ 3,952,496
Accrued salaries	1,817,325	75,887	283,493	2,176,705
Advance payable	-	-	36,738	36,738
<b>Total liabilities</b>	<b>3,499,117</b>	<b>1,465,740</b>	<b>1,201,082</b>	<b>6,165,939</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue - property tax receivable	1,475,828	-	160,309	1,636,137
<b>Total deferred inflows of resources</b>	<b>1,475,828</b>	<b>-</b>	<b>160,309</b>	<b>1,636,137</b>
<b>Fund balances:</b>				
Restricted for:				
Visitor improvement	-	-	3,139,849	3,139,849
Rural library services	-	-	280,815	280,815
Building, land and road maintenance	-	3,217,735	1,429,832	4,647,567
Drug education	-	-	2,476,273	2,476,273
Economic development	-	-	339,337	339,337
Debt service	-	-	5,541,589	5,541,589
Minor equipment	-	-	855,969	855,969
Jail construction	-	-	1,486,424	1,486,424
Emergency management	-	-	40,970	40,970
Committed for:				
Community betterment	-	-	1,608,545	1,608,545
Building maintenance	-	-	1,017,806	1,017,806
Public safety	56,071	-	-	56,071
Public works	144,534	-	-	144,534
General government	82,198	-	-	82,198
Building, land and road maintenance	-	-	1,781,146	1,781,146
Assigned for:				
Veterans aid	12,356	-	-	12,356
Public health and human services	-	-	511,786	511,786
Building, land and road maintenance	-	279,117	4,214,908	4,494,025
<b>Unassigned</b>	<b>35,525,537</b>	<b>-</b>	<b>-</b>	<b>35,525,537</b>
<b>Total fund balances</b>	<b>35,820,696</b>	<b>3,496,852</b>	<b>24,725,249</b>	<b>64,042,797</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 40,795,641</b>	<b>\$ 4,962,592</b>	<b>\$ 26,086,640</b>	<b>\$ 71,844,873</b>

The accompanying notes are an integral part of the basic financial statements.

**Lancaster County, Nebraska**  
 Reconciliation of the Balance Sheet of Governmental Funds  
 to the Statement of Net Position  
 June 30, 2015

Amounts reported for governmental activities in the statement of net position are different because:

<b>Total fund balance -- governmental funds</b>		\$ 64,042,797
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	\$ 279,550,892	
Accumulated depreciation	<u>(95,485,620)</u>	184,065,272
Internal service funds are used by the County to charge the cost of certain activities to individual funds. The assets and certain liabilities of the internal service funds are included in the governmental activities in the statement of net position.		
		3,219,986
Property tax revenues not collected within 60 days of the fiscal year end are not financial resources and, therefore, not reported as revenues in the governmental funds.		
		1,636,134
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
General obligation bonds payable - Joint Public Agency	(49,405,000)	
Premium on bonds	(751,244)	
Capital lease obligations	(12,357,500)	
Compensated absences	(7,070,327)	
Accrued interest payable	<u>(178,713)</u>	(69,762,784)
Deferred refunding resulting from issuance of refunding bonds are recognized as deferred inflows of resources in the government-wide statements.		
		<u>(2,020,179)</u>
<b>Total net position -- governmental activities</b>		<u>\$ 181,181,226</u>

The accompanying notes are an integral part of the basic financial statements.

**Lancaster County, Nebraska**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2015

	General	Capital Project Highway Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 70,869,038	\$ -	\$ 9,073,121	\$ 79,942,159
Charges for services	13,474,494	8,627	4,786,616	18,269,737
Intergovernmental	13,584,555	7,703,303	5,154,561	26,442,419
Medicaid/Medicare/MRO Reimbursements	-	-	891,362	891,362
License, fees and rental income	38,745	2,380	1,474,168	1,515,293
Interest income	145,683	11,563	37,576	194,822
Other	176,018	47,141	2,926,649	3,149,808
<b>Total revenues</b>	<b>98,288,533</b>	<b>7,773,014</b>	<b>24,344,053</b>	<b>130,405,600</b>
<b>Expenditures:</b>				
Current:				
General government	14,447,366	-	5,171,236	19,618,602
Public safety	59,049,735	-	850,772	59,900,507
Community development	-	-	2,334	2,334
Public works	3,719,491	4,720,404	3,851,327	12,291,222
Public health and human services	7,981,767	-	5,011,623	12,993,390
Culture and recreation	-	-	3,935,203	3,935,203
Capital outlay	587,129	2,248,166	3,367,543	6,202,838
Debt service:				
Principal	11,419,000	-	3,815,000	15,234,000
Interest	661,102	-	2,287,243	2,948,345
<b>Total expenditures</b>	<b>97,865,590</b>	<b>6,968,570</b>	<b>28,292,281</b>	<b>133,126,441</b>
Excess (deficiency) of revenues over (under) expenditures	422,943	804,444	(3,948,228)	(2,720,841)
<b>Other financing sources (uses):</b>				
Issuance of capital lease	8,250,000	-	-	8,250,000
Sale of capital assets	39,274	-	38,420	77,694
Transfers in	1,432,671	279,117	7,141,408	8,853,196
Transfers out	(7,520,525)	-	(2,211,380)	(9,731,905)
<b>Total other financing sources (uses)</b>	<b>2,201,420</b>	<b>279,117</b>	<b>4,968,448</b>	<b>7,448,985</b>
Net change in fund balances	2,624,363	1,083,561	1,020,220	4,728,144
<b>Fund balances at beginning of year</b>	<b>33,196,333</b>	<b>2,413,291</b>	<b>23,705,029</b>	<b>59,314,653</b>
<b>Fund balances at end of year</b>	<b>\$ 35,820,696</b>	<b>\$ 3,496,852</b>	<b>\$ 24,725,249</b>	<b>\$ 64,042,797</b>

The accompanying notes are an integral part of the basic financial statements.

## Lancaster County, Nebraska

### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2015

Amounts reported for governmental activities in the statement of activities are different because:

<b>Net change in fund balances -- total governmental funds</b>	<b>\$</b>	<b>4,728,144</b>
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which assets capitalized exceeded the amount of depreciation expense in the current period.</p>		
Depreciation expense		(7,483,632)
Capital assets capitalized		6,187,006
		(1,296,626)
<p>Contributions of capital assets are reported as capital contributions in the statement of activities.</p>		
		1,543,258
<p>In the statement of activities, the gain or loss from the disposal of capital assets is reported, whereas in the governmental funds, only any proceeds from the disposal increase financial resources. Thus, the change in net position differs from the change in fund balances by the cost of capital assets disposed.</p>		
		(1,459,632)
<p>Governmental funds recognize property tax revenues as revenues when received within 60 days of the end of the fiscal year. However, in the statement of activities, property tax revenues are recognized based on the total taxes levied. This is the amount of property tax revenues due to the County but not collected within 60 days of the fiscal year end.</p>		
		(131,506)
<p>Capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.</p>		
		(8,250,000)
<p>Refunding of capital lease liabilities resulted in a gain recognized as revenue in the governmental funds but deferred on the statement of net position.</p>		
		(2,095,000)
<p>The amortization of bond premiums, discounts and deferred refundings affects the long term liabilities and deferred inflows of resources in the statement of net position, but does not provide current financial resources to the governmental funds.</p>		
		130,862
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
Bonds payable		3,015,000
Capital lease		12,219,000
		15,234,000
<p>In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.</p>		
		6,542
<p>In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for this item are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, the following difference was noted:</p>		
Compensated absences paid were less than benefits earned		(142,026)
<p>Internal service funds are used by the County to charge costs of certain activities to individual funds. The activities of the internal service funds are included in government activities in the statement of activities.</p>		
		760,562
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>9,028,578</b>

The accompanying notes are an integral part of the basic financial statements.

**Lancaster County, Nebraska**

Statement of Net Position

Proprietary Funds

June 30, 2015

	<b>Internal Service Funds</b>
<b>Assets:</b>	
Current assets:	
Cash, including investments	\$ 6,241,784
Accounts receivable	13,415
Interest receivable	489
	<hr/>
Total current assets	6,255,688
	<hr/>
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable	270,427
Claims payable	2,708,620
Accrued salaries	4,982
Current portion - accrued compensated absences	7,500
	<hr/>
Total current liabilities	2,991,529
	<hr/>
Noncurrent liabilities:	
Long-term accrued compensated absences	44,173
	<hr/>
Total liabilities	3,035,702
	<hr/>
<b>Net position:</b>	
Unrestricted	\$ 3,219,986
	<hr/> <hr/>

The accompanying notes are an integral part of the basic financial statements.

**Lancaster County, Nebraska**  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
Year Ended June 30, 2015

	<b>Internal Service Funds</b>
<b>Operating revenues:</b>	
Charges for services	\$ 13,277,210
Other insurance reimbursements	43,397
Total operating revenues	13,320,607
<b>Operating expenses:</b>	
Insurance	12,212,577
Contractual	1,476,563
Wages and benefits	148,906
Other	71,084
Rental	5,114
Supplies	809
Claims reserve adjustment	(468,617)
Total operating expenses	13,446,436
Operating income	(125,829)
<b>Nonoperating revenues:</b>	
Interest	7,682
Total nonoperating revenues	7,682
Income (loss) before contributions and transfers	(118,147)
Transfers in	878,709
Change in net position	760,562
<b>Total net position-beginning of year</b>	2,459,424
<b>Total net position-end of year</b>	\$ 3,219,986

The accompanying notes are an integral part of the basic financial statements.

# Lancaster County, Nebraska

## Statement of Cash Flows

### Proprietary Funds

Year Ended June 30, 2015

	<b>Internal Service Funds</b>
<b>Cash flows from operating activities:</b>	
Cash received from services	\$ 13,277,210
Cash received from insurance companies	43,397
Cash payments for claims	<u>(13,887,443)</u>
Net cash flow from operating activities	<u>(566,836)</u>
<b>Cash flows from non-capital financing activities:</b>	
Transfers from other funds	<u>878,709</u>
Net cash flow from non-capital financing activities	<u>878,709</u>
<b>Cash flows from investing activities:</b>	
Interest on investments	<u>7,682</u>
Net cash flow from investing activities	<u>7,682</u>
Change in cash and cash equivalents	319,555
<b>Cash and cash equivalents-beginning of the year</b>	<u>5,922,229</u>
<b>Cash and cash equivalents-end of the year</b>	<u><u>\$ 6,241,784</u></u>
Reconciliation of operating income to net cash flow from operating activities:	
Operating income	\$ (125,829)
Adjustments to reconcile operating income to net cash flow from operating activities:	
Change in accounts receivable	(13,415)
Change in interest receivable	201
Change in accrued liabilities	40,824
Change in claims payable	<u>(468,617)</u>
Net cash flow from operating activities	<u><u>\$ (566,836)</u></u>

The accompanying notes are an integral part of the basic financial statements.

**Lancaster County, Nebraska**

Statement of Net Position

Fiduciary Funds

June 30, 2015

	<b>Employee Benefit Trust Funds</b>	<b>Agency Funds</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ -	\$ 35,064,908
Investments:		
Cash management fund	140,860	-
Stable value fund	39,485,442	-
Mutual funds - domestic equities	50,633,072	-
Mutual funds - international equities	19,929,296	-
Mutual funds - balanced funds	9,007,927	-
Other fixed income	12,083,364	-
Employee contributions receivable	90,835	-
Employer contributions receivable	131,652	-
Total assets	<u>131,502,448</u>	<u>35,064,908</u>
<b>Liabilities:</b>		
Due to others	-	35,064,908
Total liabilities	<u>-</u>	<u>35,064,908</u>
<b>Net position:</b>		
Held in trust for pension and other postemployment benefits	<u>131,502,448</u>	-
Total net position	<u>\$ 131,502,448</u>	<u>\$ -</u>

The accompanying notes are an integral part of the basic financial statements.

**Lancaster County, Nebraska**  
Statement of Changes in Net Position  
Fiduciary Funds  
Year Ended June 30, 2015

	<b>Employee Benefit Trust Funds</b>
<b>Additions:</b>	
Contributions:	
Employee	\$ 2,329,823
Employer	4,064,665
Forfeitures	49,906
Rollovers	231,342
Total contributions	6,675,736
Investment income:	
Net appreciation in fair value of investments	157,243
Dividends and interest	3,514,794
Miscellaneous	(75,911)
Total net investment income	3,596,126
Total additions	10,271,862
<b>Deductions:</b>	
Benefits paid	8,364,400
Forfeitures	184,562
Total deductions	8,548,962
Change in net position	1,722,900
<b>Net position - beginning of year</b>	129,779,548
<b>Net position - end of year</b>	\$ 131,502,448

The accompanying notes are an integral part of the basic financial statements.

# LANCASTER COUNTY, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of the significant accounting policies of Lancaster County, Nebraska (the County), is presented to assist in understanding the County's financial statements. The financial statements and notes are representations of the County's management who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

#### **Organization and Principal Activity**

The County is a governmental entity established by the laws of the State of Nebraska. The County is a political subdivision of the State of Nebraska and is governed by a five member Board of Commissioners elected by the citizens of Lancaster County, Nebraska. The County's responsibilities include general social welfare; operation of a County mental health crisis center; corrections; youth center; maintenance of streets and highways not within any incorporated city, village, or sanitary and improvement district; legal court-related activities; licensing, recording, and assessment of real property; tax collection for all Nebraska public entities within the County; conducting elections; and law enforcement.

#### **Reporting Entity**

The accompanying financial statements present the County (the primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

The accompanying financial statements include the transactions of the County's primary government and a blended component unit, as discussed below.

Blended Component Unit - The Lancaster County Correctional Facility Joint Public Agency (JPA) was created pursuant to the Joint Public Agency Act and a Joint Public Agency Agreement dated September 9, 2008 between the County and the City of Lincoln. The JPA was created for the purpose of financing the construction, equipping and furnishing of new correctional facilities on land owned by the County and leased to the JPA pursuant to a Site Lease dated February 5, 2009, between the JPA and the County. The JPA will own the correctional facilities until the bonds are no longer outstanding, at which time the JPA will transfer ownership to the County. The County will operate and maintain the correctional facilities pursuant to a Facilities Agreement dated February 5, 2009 between the County and the JPA. The JPA is governed by a four-member board consisting of the Chair and Vice Chair of the Lancaster County Board of Commissioners, the Mayor of Lincoln, and the Chair of the Lincoln City Council.

Although legally separate from the County, the JPA is reported as a blended component of the County because its sole purpose is to finance the construction and equipping of new correctional facilities for the benefit of the County. As noted above, the County operates and maintains the facilities, and will receive title to the facilities upon repayment of 100% of the bonds issued to finance construction.

# LANCASTER COUNTY, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Separate audited financial statements of the JPA may be obtained from the Lancaster County Budget & Fiscal Office, 555 South 10<sup>th</sup> Street, Suite 110, Lincoln, NE 68508.

#### **Joint Ventures**

The County has entered into two multi-governmental arrangements creating two entities that are governed by representatives from each of the participating governments. These entities are considered to be joint ventures. The County does not have an ongoing financial interest (equity interest); therefore, these joint ventures are not included in the financial statements of the County.

Lincoln-Lancaster County Public Building Commission - In 1990, the City of Lincoln, Nebraska (the City) and the County, pursuant to State Statute, activated a separate governmental entity designated as the Lincoln-Lancaster County Public Building Commission (the Commission). The purpose of this joint venture is to design, acquire, construct, maintain, operate, improve, remodel, remove and reconstruct, so long as its corporate existence continues, public buildings, structures, or facilities for use jointly by the City and the County. The City and the County each appoint two members to the five-member Commission, with the fifth member being appointed by the other four members. All property held or acquired by the Commission is held or acquired in the name of the City and the County for use by the Commission in its corporate capacity. The Commission's costs of operation and debt service are funded through rental payments made by the City and the County based upon their proportionate occupancy of such buildings to the extent not covered by a maximum property tax levy of 1.7 cents for each \$100 of actual valuation of taxable property in the County. (See also Note 4).

Separate audited financial statements of the Commission may be obtained at the Lincoln-Lancaster County Public Building Commission, 920 "O" Street, Room 203, Lincoln, Nebraska 68508.

Lancaster County Fairgrounds Joint Public Agency - The Lancaster County Fairgrounds Joint Public Agency (the Agency) was established to acquire land and construct capital improvements thereon for the establishment and expansion of the Lancaster County Fairgrounds. The Agency is not accumulating significant financial resources and is not experiencing fiscal stress that could cause an additional financial benefit or burden to the County. The Board consists of five representatives, of whom the Lancaster County Agricultural Society (the Society) appoints three and the County appoints two.

Separate audited financial statements of the Agency may be obtained from the Lancaster County Agricultural Society, 4100 North 84<sup>th</sup> Street, Lincoln, Nebraska 68508.

# LANCASTER COUNTY, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Basis of Presentation

Government-Wide Financial Statements - The government-wide financial statements (the statement of net position and statement of activities) report information on all the non-fiduciary activities of the primary government and its component units. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function 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 revenues are reported instead as *general revenues*.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts. Funds are organized into three major categories: governmental, proprietary, and fiduciary.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported as gross amounts as transfers in / out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

An emphasis is placed on major funds within the governmental and proprietary categories. Major individual governmental funds are reported as separate columns in the fund financial statements as applicable. All remaining governmental fund are aggregated and reported as nonmajor funds.

Major fund reporting requirements do not apply to internal service funds. The combined totals for all internal service funds are reported separately in a single column on the face of the proprietary fund financial statements.

The County reports the following major governmental funds:

*General Fund.* The general fund is the County's main operating fund. The general fund is used to account for all activities of the County not included in other specified funds. The general fund accounts for the normal recurring activities of the County (general government, public safety, health services, community services, etc.). These activities are funded primarily by tax revenues.

*Highway Fund.* The highway fund is a capital project fund. It accounts for repairs and improvements made to County highways.

# LANCASTER COUNTY, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additionally, the government reports the following fund types:

*Special Revenue Funds* account for the proceeds of specific revenue sources (other than for major capital projects) that legally restrict expenditures for specified purposes.

*Capital Projects Funds* account for financial resources to be used for the acquisition or construction of major capital facilities or improvements.

The *Debt Service Fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

*Internal Service Funds* are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County or to other governmental units on a cost-reimbursement basis. For the County, this includes risk management services, for workers' compensation, general liability and health insurance.

*Employee Benefit Trust Funds* include the pension trust fund and other postemployment benefit trust fund, which are used to report resources that are required to be held in trust for the members and beneficiaries of the County's defined contribution retirement plan, and defined contribution postemployment health plan, respectively.

*Agency Funds* are used to report resources held by the County in a purely custodial capacity, for tax collections and related distributions to other governments, as well as other amounts held for remittance to individuals, private organizations, or other governments.

#### **Measurement Focus / Basis of Accounting**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when the related payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

# LANCASTER COUNTY, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property taxes associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, except to the extent amounts are not collected within 60 days of the end of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Charges for services to patients are recognized at the date the service is provided, net of estimated uncollectible amounts. All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary, pension and other postemployment benefit trust fund financial statements are accounted for using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows. The agency funds have no measurement focus, but utilize the *accrual basis of accounting* for reporting assets and liabilities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service funds are charges to governmental agencies for services provided. Operating expenses include the cost of services, and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### **Cash and Cash Equivalents**

For financial statement purposes, all highly liquid investments with original maturities of three months or less, are considered cash equivalents.

#### **Investments**

Investments for the government are recorded at fair value. The County's investment policy allows investments as authorized by Nebraska State Statute 77-2387, which includes U.S. government obligations and short-term interest bearing investments consisting of certificates of deposit and other income producing securities. It is also the County's policy to report interest earned but not received in a separate account from the principal.

#### **Patient and Insurance Receivables / Due from Other Government Agencies**

Due from other government agencies consists of a variety of amounts due from federal or state agencies, or other local municipalities and agencies. Patient and insurance receivables consist of amounts billed for services provided by the Community Mental Health Center. Such receivables are recorded net of contractual adjustments made upon payment. Additionally, patient and insurance receivables are shown net of an allowance for doubtful accounts, estimated based on historical collection trends, a patient's credit history and current economic conditions.

# LANCASTER COUNTY, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Taxes Receivable

Taxes receivable are all considered collectible by management. Based on prior experience with receipt of taxes, no allowance for doubtful accounts has been provided related to taxes receivable. Tax amounts not received within 60 days after year-end are recorded as deferred inflows of resources on the balance sheet of the governmental fund financial statements.

#### Capital Assets and Depreciation

Capital assets are those assets which have been acquired for general government purposes. Capital assets are recorded at historical cost or estimated replacement cost if actual historical cost is not known. Contributed assets, including those from the federal government, are recorded at estimated fair value on the date received. The County's capitalization threshold for equipment, buildings, and infrastructure is \$5,000. Infrastructure assets include roads, bridges, and culverts. Depreciation is calculated using the straight-line method with a mid-month convention.

The estimated useful lives for capital assets are as follows:

	Years
Land improvements	20 - 50
Buildings	25 - 50
Machinery and equipment	5 - 20
Vehicles	8
Infrastructure	20 - 50

The County determined historical infrastructure costs by reference to historical records or by appraisal. Current cost is adjusted for the price change from the date of construction or acquisition to the current date.

#### Deferred Inflows of Resources / Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The County does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has two types of items, unavailable revenue and deferred amounts on refunding, which qualify for reporting in this category. Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. Deferred amounts on refunding, which is reported only in the government-wide statement of net position, results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

# LANCASTER COUNTY, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Compensated Absences**

It is the County's policy to permit employees to earn annual vacation and sick leave at various rates during their period of employment. In the event of termination, an employee is reimbursed for accumulated vacation time up to a maximum carryover of 240 hours. Employees do not receive payment of unused sick leave upon termination of employment except for retirement, death, or if the employee has 15 years of service and has in excess of 1,000 hours of extended sick leave.

#### **Net Position**

In the government-wide financial statement, net position represents the difference between total assets and total liabilities.

*Net investment in capital assets* - Consists of capital assets net of accumulated depreciation and net of outstanding balances of any debt used to finance those assets, such as capital leases and bonds.

*Restricted net position* - Consists of net position with constraints placed on their use by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

*Unrestricted net position* - Consists of amounts that do not meet the definition of either net investment in capital assets or restricted net position.

#### **Fund Balance**

As prescribed by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balance classifications are based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balances are classified as follows:

*Nonspendable fund balance* - Assets legally or contractually required to be maintained or are not in spendable form, such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).

*Restricted fund balance* - Amount that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

*Committed fund balance* - Amounts that can be used only for the specific purposes determined by a formal action of the Board of Commissioners (the County's highest level of decision-making authority).

*Assigned fund balance* - Amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent is expressed by (1) The County Board of Commissioners or (2) a body or official to whom that has been given the authority to assign fund balance. The Board has delegated authority to the Lancaster County Budget and Fiscal officer to assign amounts to be used for specific purpose as prescribed by the County's Fund Balance Policy.

# LANCASTER COUNTY, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Unassigned fund balance* - The residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. The County considers restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

#### **Property Taxes**

Based on the valuation as of January 1, 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 December 31 of the year in which the property is appraised. One-half of the taxes become delinquent April 1 and August 1 of the following year.

Counties are permitted by the State Constitution to levy a tax up to \$.50 per \$100 of assessed valuation for general governmental services other than the payment of principal and interest on bonded debt. They may levy taxes in addition to the \$.50 limitation upon a vote of the people. The tax levy remained below the \$.50 limitation for 2015.

Also, \$.05 of the \$.50 limit may only be levied to provide services offered jointly with another government under an inter-local agreement. The County may share \$.15 of its levy authority with rural fire districts and other political subdivisions no longer having any levy authority.

Additionally, the legislature, as part of a property tax relief package, prohibited counties from adopting a budget containing "restricted funds" which are greater than 2.5% of the prior year budgeted restricted funds, plus the percentage change in valuation increase attributable to new construction and additions to buildings in excess of 2.5%. Restricted funds include property taxes, payments in-lieu-of taxes, and state aid less amounts budgeted for capital improvements and bonded indebtedness.

#### **Budgets and Budgetary Accounting**

The County follows the procedures described below in establishing the budgetary data reflected in the County's financial statements in accordance with the statutory requirements of the Nebraska Budget Act.

On or before August 1, the County Board of Commissioners prepares and transmits a budget for the County showing the projected requirements, outstanding warrants, operating reserve, cash on hand at the close of the preceding fiscal year, projected revenue collected from sources other than property tax and amount to be raised by property taxation.

# LANCASTER COUNTY, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The budget is prepared on the modified cash basis of accounting, which includes cash receipts and disbursements, modified for encumbrances. Encumbrances, as described below, are also reflected as expenditures for budgetary purposes. At least one public hearing must be held by the County Board of Commissioners.

On or before September 20 each year, the County Board of Commissioners, after the action of the State Board of Equalization and Assessment has been certified to the County Clerk, the budget, as revised, is adopted and the amounts provided therein are appropriated.

Encumbrances, which are purchase orders, contracts, and other commitments for the expenditures of funds, are recorded for budgetary purposes as expenditures in order to reserve that portion of the applicable appropriation. At the end of each budget period, unencumbered, unexpended appropriations lapse. Appropriations in the governmental fund types are charges for encumbrances when commitments are made.

#### **Use of Estimates**

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates employed.

### 2. CASH AND INVESTMENTS

#### **Pooled Cash and Investments**

The County has pooled cash resources of the various funds for investment purposes. Each fund's portion of total cash and investments is summarized by fund type on the combining balance sheets. Interest earned on pooled funds, except for interest earned on the pension trust, is credited to the County General Fund in accordance with Nebraska State Statute Section 77-2315, R.R.S. 1943.

*Custodial credit risk, deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's policy requires compliance with the provisions of state law. The Public Funds Deposit Security Act, State Statute Sections 77-2386 to 77-23,106, requires banks either to give bonds or to pledge government securities (types of which are specifically identified in the statutes) to the County Treasurer in the amount of the County's deposits. The statutes allow pledged securities to be reduced by the amount of the deposits insured by the Federal Deposit Insurance Corporation (FDIC).

At June 30, 2015, the bank balance of the County's pooled cash deposits, including certificates of deposit, amounted to \$26,314,201. All deposit balances were covered by FDIC insurance, or pledged collateral held by the County's agent in the County's name.

**LANCASTER COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS

**2. CASH AND INVESTMENTS (CONTINUED)**

*Custodial credit risk, investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

At June 30, 2015, the County held the following investments:

Investment Type	Maturities	Fair Value
Insured Sweep Accounts	N/A	\$ 41,892,182
Money markets	N/A	13,234,183
Total investments		<u>\$ 55,126,365</u>

*Interest rate risk.* This is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with State law and its investment policy, the County manages its exposure to declines in fair values by changes in interest rates by limiting all investments to maturities of two years or less.

*Credit risk.* This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law and internal policies limit the types of investments the County may make, as described previously.

*Concentration of credit risk.* This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's investment policy places no limits on the amount the County may invest in any one issuer.

Pooled deposits and investments at June 30, 2015 appear in the financial statements as summarized below:

Carrying amount of deposits	\$ 27,972,365
Carrying amount of investments	<u>55,126,365</u>
Total	<u>\$ 83,098,730</u>
Cash, including investments - governmental funds balance sheet	\$ 41,792,038
Cash, including investments - internal service funds, statement of net position	<u>6,241,784</u>
Cash, including investments - governmental activities, statement of net position	48,033,822
Cash, including investments - agency funds	<u>35,064,908</u>
Total	<u>\$ 83,098,730</u>

**LANCASTER COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS

**2. CASH AND INVESTMENTS (CONTINUED)**

**Pension Trust Fund Investments**

The pension program operates in compliance with all state and federal statutes, particularly Nebraska State Statute 30-3209. County pension funds are invested according to a plan developed and reviewed annually by the County. The plan defines the purposes of the assets, identifies the parties responsible for managing the investment process, establishes both broad and specific written guidelines for the investment of the fund's assets, and establishes criteria to monitor and evaluate the performance of the investment managers.

The plan authorizes investments in a variety of funds, which include investments in: stable value funds, domestic and foreign common and preferred stocks, corporate bonds, cash-equivalent securities, certificates of deposits of insured institutions, money market funds, and government bonds. They can be in mutual funds or privately managed accounts. Investments in the employees' retirement system are valued at fair value.

At June 30, 2015, the investments in the employees' retirement system were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Concentration</u>
Stable value fund (fixed income)	\$ 39,485,442	31.62%
Fixed income	9,284,579	7.43%
Mutual funds - domestic equities	50,255,943	40.23%
Mutual funds - international equities	19,878,869	15.91%
Mutual funds - balanced funds	3,240,554	2.59%
Variable annuity	2,778,105	2.22%
Total	<u>\$ 124,923,492</u>	<u>100.00%</u>

*Concentration of credit risk.* There are fixed income securities guidelines: Maximum of 2% of any single corporate issuer and 5% for other issuers; no limit on fixed income treasury or agency issues of the U.S. government.

*Credit risk.* Credit risk is the risk that an issuer of an investment will not fulfill its obligations. While the plan does not have a policy specific to credit risk of fixed income funds, the investment policy requires that all funds be benchmarked against a relevant index, with performance of the fund measured at least annually in the context of rolling three-year periods for the trailing five-year period. As of June 30, 2015, the fixed income funds of the plan held investments with credit ratings ranging from AAA to B, with approximately 52% and 87% in AAA securities.

*Interest rate risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. While the plan does not have a policy specific to interest rate risk for fixed income funds, investment performance is measured at least annually, as described above. As of June 30, 2015, the fixed income funds of the plan had effective durations of 6.0 years and 5.33 years.

**LANCASTER COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS

**2. CASH AND INVESTMENTS (CONTINUED)**

**Other Postemployment Benefit Trust Fund Investments**

The other postemployment benefit (OPEB) trust operates in compliance with all state and federal statutes, particularly Nebraska State Statute 23-1118. County funds are invested according to a plan developed and reviewed annually by the County.

As of June 30, 2015, 91% of the trust's investments were in a balanced mutual fund, which in turn invests in a combination of stocks, bonds, and money markets, generally reflecting a moderate to conservative orientation. The overall credit quality of fixed income securities in the fund ranged from AAA to B, with approximately 55% in AAA securities, and 17% in AA or A securities.

**3. CAPITAL ASSETS**

The changes in capital assets designated for the operation of the County for the year ended June 30, 2015 are as follows:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
<b>Non-depreciable assets:</b>				
Land	\$ 10,745,601	\$ 101,045	\$ --	\$ 10,846,646
Construction in progress	1,780,016	2,474,677	1,737,060	2,517,633
	<u>12,525,617</u>	<u>2,575,722</u>	<u>1,737,060</u>	<u>13,364,279</u>
<b>Depreciable capital assets:</b>				
Land improvements	2,447,899	--	--	2,447,899
Buildings	130,078,655	1,487,619	--	131,566,274
Machinery and Equipment	15,963,234	796,616	48,826	16,711,024
Vehicles	9,491,283	270,735	657,755	9,104,263
Infrastructure	106,450,212	4,336,633	4,429,692	106,357,153
	<u>264,431,283</u>	<u>6,891,603</u>	<u>5,136,273</u>	<u>266,186,613</u>
<b>Accumulated depreciation:</b>				
Land improvements	1,605,583	110,693	--	1,716,276
Buildings	25,353,734	2,621,061	--	27,974,795
Machinery and Equipment	7,293,493	1,254,184	42,159	8,505,518
Vehicles	6,547,869	572,549	602,616	6,517,802
Infrastructure	50,877,950	2,925,145	3,031,866	50,771,229
	<u>91,678,629</u>	<u>7,483,632</u>	<u>3,676,641</u>	<u>95,485,620</u>
Depreciable capital assets, net	<u>172,752,654</u>	<u>(592,029)</u>	<u>1,459,632</u>	<u>170,700,993</u>
Total capital assets	<u>\$ 185,278,271</u>	<u>\$ 1,983,693</u>	<u>\$ 3,196,692</u>	<u>\$ 184,065,272</u>

Depreciation expense was charged to functions of the governmental activities as follows:

<b>Governmental Activities:</b>	
General Government	\$ 216,988
Public Safety	1,591,460
Public Works	3,686,237
Public Health and Human Services	118,471
Joint Public Agency Services	1,870,476
Total Depreciation Expense	<u>\$ 7,483,632</u>

**LANCASTER COUNTY, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS**

**4. LONG-TERM LIABILITIES**

Changes in long-term obligations for the year ended June 30, 2015 were as follows:

	Balance June 30, 2014	Prior period adjustment	Additions	Deletions	Balance June 30, 2015	Due within one year
Bonds payable – County	\$ 370,000	\$ --	\$ --	\$ (370,000)	\$ --	\$ --
Discounts	(303)	--	--	303	--	--
Bonds payable – JPA	52,050,000	--	--	(2,645,000)	49,405,000	2,725,000
Premiums	807,588	--	--	(56,344)	751,244	--
	<u>53,227,285</u>	<u>--</u>	<u>--</u>	<u>(3,071,041)</u>	<u>50,156,244</u>	<u>2,725,000</u>
Capital leases payable:						
Public Building Commission	16,940,000	(1,058,500)	8,250,000	(11,869,000)	12,262,500	1,625,000
City of Lincoln VOIP	445,000	--	--	(350,000)	95,000	95,000
	<u>17,385,000</u>	<u>(1,058,500)</u>	<u>8,250,000</u>	<u>(12,219,000)</u>	<u>12,357,500</u>	<u>1,720,000</u>
Compensated absences	6,974,000	--	4,908,967	(4,760,967)	7,122,000	4,859,000
Total long-term liabilities	<u>\$ 77,586,285</u>	<u>\$ (1,058,500)</u>	<u>\$ 13,158,967</u>	<u>\$ (20,051,008)</u>	<u>\$ 69,635,744</u>	<u>\$ 9,304,000</u>

*Prior Period Adjustment.* During 2015, the County determined their proportionate share on certain Public Building Commission capital leases was not allocated correctly. This correction resulted in a net increase to net position of \$1,058,500.

Generally, compensated absences are liquidated by the fund where each employee’s regular salary is charged (primarily the General Fund and various special revenue funds).

**Bonds Payable**

*County.* \$4,640,000 Limited Tax Building Bonds, Series 2004, were issued on June 30, 2004, payable in scheduled semiannual installments including principal amounts ranging from \$320,000 to \$610,000 plus interest, due on May 1 and November 1, commencing November 1, 2005, with interest ranging from 3.20% to 4.00%, final payment was made on November 1, 2014.

*JPA.* \$64,390,000 Limited Tax General Obligation Bonds, Series 2009, were issued on February 12, 2009, with interest payable in scheduled semiannual installments due annually on June 1 and December 1, and with principal amounts payable annually on December 1, ranging from \$2,390,000 to \$4,670,000, commencing June 1, 2009, with interest rates ranging from 1.00% to 5.00%, final payment due December 1, 2028.

**Capital Leases Payable**

*Public Building Commission.* The Public Building Commission (PBC) has assisted in the financing of buildings and facilities for Lancaster County and the City of Lincoln through the issuance of revenue bonds and by entering into lease agreements with the Board of County Commissioners and the City Council. This includes leases for the City / County Building, the 233 Building, the K Street Power Plant, the Justice and Law Enforcement Building, the 9<sup>th</sup> and J Building, Downtown Senior Center, Health Department Building, Courthouse Plaza, Northeast Senior Center, Benesch Building, and the 27<sup>th</sup> Street Police Building.

**LANCASTER COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS

**4. LONG-TERM LIABILITIES (CONTINUED)**

The PBC uses the premises for the purpose of providing space to the County and City departments, agencies and functions. The PBC is responsible for furnishing services, including heat, water, electricity, air conditioning, elevator service, cleaning services and maintenance and repair to the City and County departments inhabiting the space. The costs to the PBC are funded through charges to the inhabitants based upon the number of square feet of space allocated annually, as outlined in the respective lease agreements with the City and County. The amount charged to the inhabitants is based on total expenditures incurred in the previous year. These charges are then allocated based on square footage held by the inhabitant. This is done each year.

In January 2015, the PBC issued Series 2015 refunding bonds to currently refund certain maturities of its Series 2004 and Series 2005 bonds. As a result, the County recognized a refunding of a portion of its capital lease payable to the PBC. The County's proportionate share of the refunding resulted in a new capital lease of \$8,250,000. Additionally, the Series 2015 bond proceeds were used to refund \$10,345,000 of capital leases, resulting in a refunding gain to the County of \$2,095,000.

As of June 30, 2015, the PBC has bonds outstanding of \$26,635,000 attributable to several revenue bond issues, proceeds of which were used to acquire, construct and/or renovate certain buildings occupied by the City and County. The County's proportionate share of such buildings is recorded as capital assets, and the corresponding debt is recorded as a capital lease in the County's financial statements. The leases for the buildings continue until the related bonds have been fully paid and are no longer outstanding. The bonds have final maturity dates ranging from fiscal 2025 to 2030.

*City of Lincoln VOIP.* The County entered into a sublease agreement with the City of Lincoln for the acquisition, installation and implementation of certain voice over internet protocol (VOIP) communication equipment. Such lease qualifies as a capital lease, and includes a final maturity of May 1, 2016.

Principal and interest requirements to maturity on capital lease obligations and bonds outstanding at June 30, 2015 are as follows:

Year Ending June 30	Bonds payable		Capital leases	
	Principal	Interest	Principal	Interest
2016	\$ 2,725,000	\$ 2,139,880	\$ 1,720,000	\$ 372,532
2017	2,805,000	2,056,930	1,597,500	347,826
2018	2,890,000	1,971,505	1,032,500	320,307
2019	2,980,000	1,868,555	1,140,000	292,529
2020	3,095,000	1,754,793	962,500	261,809
2021 – 2025	17,515,000	6,596,690	4,740,000	754,749
2026 – 2030	17,395,000	1,792,375	1,012,500	78,055
2031 – 2034	--	--	152,500	3,050
Total	<u>\$ 49,405,000</u>	<u>\$ 18,180,728</u>	<u>\$ 12,357,500</u>	<u>\$ 2,430,857</u>

**LANCASTER COUNTY, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS**

**5. INTERFUND TRANSFERS**

A summary of interfund transfers is as follows:

	Transfers in				Total
	General fund	Capital Project Highway fund	Other governmental funds	Internal service funds	
<u>Transfers out</u>					
General fund	\$ --	\$ 279,117	\$ 7,141,408	\$ 100,000	\$ 7,520,525
Other governmental funds	1,432,671	--	--	778,709	2,211,380
	<u>\$ 1,432,671</u>	<u>\$ 279,117</u>	<u>\$ 7,141,408</u>	<u>\$ 878,709</u>	<u>\$ 9,731,905</u>

Interfund transfers reflect the flow of resources from one fund to another fund, generally from the fund in which the resources are received or reside, to the fund in which the resources will be expended. During the year ended June 30, 2015, the most significant transfer was \$6,246,436 from the General Fund to the Bridge and Special Road Fund for budgeted capital projects.

**6. DEFICIT FUND EQUITY**

At June 30, 2015, the Workers' Compensation fund had a deficit of \$1,043,427, which will be recovered from future internal charges to the County's other funds.

**7. POST-EMPLOYMENT BENEFITS**

**Post-Employment Health Plans**

*Plan Description.* The Board of Commissioners has adopted the provisions of Section 23-1118, R.R.S. 1943, a Nebraska State Statute, which provides any county having a population of more than 100,000 inhabitants the authority to provide retirement benefits to its employees and establish a defined contribution retirement plan. All eligible employees of Lancaster County have historically been covered under the County's retirement plans: Lancaster County Nebraska CB PEHP and Lancaster County Nebraska Non-CB PEHP, as administered by Nationwide Retirement Solutions. Separate actuarial valuations of the plans' assets are not performed for the individual participating entities.

During fiscal 2013, the County adopted a resolution to transition from Nationwide Retirement Solutions to another provider, International City Management Association Retirement Corporation (ICMA-RC) for certain eligible employees as described below. In connection therewith, a new trust was created for the Lancaster County Post-Employment Health Plan, which provides for the County to act as trustee and administrator for the plan, resulting in the County having ongoing managerial responsibility for the plan. This new trust covers benefits for eligible employees not within a bargaining unit, and eligible employees within certain bargaining units that elected to join the new plan. Eligible employees under certain other bargaining units are still covered by the plans administered by Nationwide Retirement Solutions discussed in the first paragraph above.

# LANCASTER COUNTY, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS

### 7. POST-EMPLOYMENT BENEFITS (CONTINUED)

Due to the structure of the new ICMA-RC trust, the trust qualifies as an employee benefit trust fund, and is reported as a fiduciary fund of the County. The plan and trust administered by Nationwide Retirement Solutions does not qualify as an employee benefit trust fund, and therefore is not reported within the County's financial statements.

At June 30, 2015, membership in the plans totaled 1,849 (includes active members, plus retirees receiving benefits).

*Funding Policy.* The County sets aside \$25 per pay period for each eligible employee. Employees are not required to contribute to the plans. Contributions to these retirement plans by the County on behalf of the participating employees amounted to \$756,330 for the year ended June 30, 2015.

#### **Defined Contribution Retirement Pension Plan**

The Lancaster County, Nebraska Employees Retirement Plan is a single-employer defined contribution plan administered by the County. The Plan does not issue a stand-alone audited financial report.

#### Summary of Significant Accounting Policies and Plan Asset Matters

*Basis of Accounting.* The Plan's financial statements (as reported in the Pension Trust Fund) are prepared using the accrual basis of accounting. Employer contributions are recognized in the period in which the contributions are due and payable in accordance with the terms of the Plan. Benefits are recognized when due and payable in accordance with the terms of the plan.

*Method Used to Value Investments.* Investments are reported at fair value based on quoted market prices. Investments that do not have an established market are reported at their estimated fair value.

#### Plan Description and Contribution Information

*Plan Description.* The Plan is intended to qualify as a money purchase pension plan under Code Section 401(a). The pension program operates in compliance with all state and federal statutes, particularly Nebraska State Statute 30-3209. The County's pension funds are invested according to a plan developed and reviewed annually by the County. The plan defines the purposes of the assets, identifies the parties responsible for managing the investment process, establishes both broad and specific written guidelines for the investment of fund's assets, and establishes criteria to monitor and evaluate the performance of the investment managers. For additional information on the plan's investments, see Note 2.

The plan automatically covers substantially all permanent employees who have attained age 25 and completed one year of continuous service. Upon attaining age 21 and after completing six months of continuous service, employees may voluntarily enter the plan. The employee has the choice of whether or not to participate in the plan if the employee has attained age 55 prior to the date of employment. As of June 30, 2015, membership totaled 1,153.

**LANCASTER COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS

**7. POST-EMPLOYMENT BENEFITS (CONTINUED)**

*Funding Policy.* For all participants employed by the County prior to July 1, 2012, the County is required to contribute 150% of each participant's mandatory contribution. The participant's mandatory contribution is 5.2% of the participant's salary. Effective July 1, 2012, the County's required contribution for participants covered by a collective bargaining agreement and who were hired on or after July 1, 2012 shall be determined in accordance with the applicable collective bargaining agreement. The County's required contribution for participants who are not covered by a collective bargaining agreement and who were hired on or after December 25, 2014 is 100% of each participant's mandatory contribution. The combined contributions cannot exceed 13% of earned income.

The employees' and employer's contributions are maintained in separate accounts. The employee account is always fully vested. The employer account vests at 20% per year for year three through seven in the plans. Several different payment options, based upon the full accumulated value of participant contributions and the vested portion of employer contributions, are available to the participant upon death, disability, early retirement at age 50, or normal retirement at age 55, with ten consecutive years of participation in the plans.

Employer and plan member contributions are recognized in the period that the contributions are due. Total employer contributions were \$3,406,251 and total employee contributions were \$2,329,823 for the year ended June 30, 2015.

Listed below are condensed financial statements for both the postemployment health and pension trusts:

	<u>Pension Trust</u>	<u>Postemployment Health Trust</u>	<u>Total</u>
Total assets	\$ 125,145,979	\$ 6,356,469	\$ 131,502,448
Total liabilities	--	--	--
Net position	<u>\$ 125,145,979</u>	<u>\$ 6,356,469</u>	<u>\$ 131,502,448</u>
Additions	\$ 9,590,644	\$ 681,218	\$ 10,271,862
Deductions	8,184,217	364,745	8,548,962
Change in net position	1,406,427	316,473	1,722,900
Beginning net position	123,739,552	6,039,996	129,779,548
Ending net position	<u>\$ 125,145,979</u>	<u>\$ 6,356,469</u>	<u>\$ 131,502,448</u>

**8. RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts: theft of, damage to, or destruction of assets; errors or omissions; injuries to employees, and natural disasters. These risks of loss are covered by various commercial insurance policies (with various deductibles) with the exception of workers' compensation, general liability, and group health insurance.

**LANCASTER COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS

**8. RISK MANAGEMENT (CONTINUED)**

*Workers' Compensation and General Liability.* The County has established the Workers' Compensation Loss Fund and Other Self-Insurance Loss Fund (internal service funds) to account for and finance a portion of its uninsured risks of loss. The County is self-insured up to \$900,000 per occurrence for workers' compensation risks and up to \$250,000 per occurrence for general liability risks. The self-insurance programs are administered by the Workers' Compensation and Risk Management Manager. Settled claims have not exceeded commercial coverage in any of the last three years. Commercial insurance covers the excess of the self-insured amount to a maximum of \$2,000,000 for employers' liability and \$4,750,000 for general liability.

The County utilizes the services of an actuary to prepare an analysis of the self-insured workers' compensation and general liability risks. The analysis is used to assist the County with its financial planning, budgeting, and management of the self-insurance programs.

The programs are funded on a cash basis with annual premiums charged to all governmental fund types, except Lancaster Manor Fund, based on past experience of incurred losses and remitted to the Workers' Compensation Loss and Self-Insurance Funds. Settled claims have not exceeded commercial coverage for the last three years.

*Health.* The County has established the Group Insurance Fund (internal service fund) to account for and finance a portion of its uninsured risk of loss. Health, prescription and dental benefits are provided through a self-funded program to County employees and all eligible dependents. The County is self-insured up to \$200,000 per individual claim.

Changes in the claims liabilities during the past two years are as follows:

	<u>Workers' Compensation</u>	<u>Other Self Insurance Loss</u>	<u>Group Insurance</u>
Liability - June 30, 2013	\$ 806,606	\$ 790,106	\$ 550,000
Claims incurred	415,533	1,034,519	10,841,879
Claims payments & adjustments	<u>312,634</u>	<u>384,893</u>	<u>10,563,879</u>
Liability - June 30, 2014	909,505	1,439,732	828,000
Claims incurred	804,593	441,737	10,966,247
Claims payments & adjustments	691,565	952,382	11,037,247
Liability - June 30, 2015	<u>\$ 1,022,533</u>	<u>\$ 929,087</u>	<u>\$ 757,000</u>

**9. COMMITMENTS AND CONTINGENT LIABILITIES**

*Litigation.* Several claims were filed against the County relating to several wrongful death lawsuits, injuries, and medical expenses. In management's opinion, it is premature at this time to determine the likelihood of an unfavorable outcome or the range of potential loss on these claims.

**LANCASTER COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS

**9. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)**

*Lancaster Manor.* The Lancaster Manor (a special revenue fund of the County) is not part of the Workers' Compensation Loss Fund and pays its claims on a cash basis. The County was liable for all claims incurred through December 31, 2009. When Lancaster Manor Rehabilitation Center, LLC assumed operation of the Lancaster Manor on January 1, 2010, they became responsible for any claims filed from that date forward. As of December 31, 2009, the Lancaster Manor had no liability related to contingent liabilities. The County has not set aside funds to cover this estimated liability and will pay any claims as they come due. For claims deemed probable or certain, no liability could be estimated.

*West Haymarket Joint Public Agency.* During fiscal 2012, the County Board approved a grant contract with the West Haymarket Joint Public Agency to provide funding for various projects in the West Haymarket area. The terms of grant contract provided for an initial \$1,000,000 to be paid upon the execution of a contract with an arena manager and up to \$500,000 annually for a period of five years thereafter. The County Board will evaluate and determine the amount of future payments, up to \$500,000 annually, to the West Haymarket Joint Public Agency on an annual basis. In 2015, the County Board approved payments of \$500,000 to the West Haymarket Joint Public Agency. As of June 30, 2015, \$125,000 was recorded with accounts payable for amounts owed as of that date.

*Construction Commitments and Encumbrances.* As of June 30, 2015, the County has outstanding encumbrances as follows:

General Fund	\$ 282,803
Highway Fund	3,106,487
Nonmajor Governmental Funds	<u>1,863,965</u>
Total	<u>\$ 5,253,255</u>

**10. CONDUIT DEBT**

From time to time, the County has issued industrial development revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The County is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At June 30, 2015, 18 series of bonds were outstanding, with an aggregate principal amount payable in the amount of \$198,445,915.

**11. PENDING GOVERNMENTAL ACCOUNTING STANDARDS**

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of this

## LANCASTER COUNTY, NEBRASKA

### NOTES TO FINANCIAL STATEMENTS

#### 11. PENDING GOVERNMENTAL ACCOUNTING STANDARDS (CONTINUED)

statement are effective for financial statements for the County's fiscal year ending June 30, 2016.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes financial reporting standards for state and local governmental OPEB plans that are administered through trusts or equivalent arrangements and for governments that hold assets accumulated for purposes of providing OPEB through defined benefit OPEB plans that are not administered through a trust or equivalent arrangement. The provisions of this statement are effective for financial statements for the County's fiscal year ending June 30, 2017.

GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions* and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Statement No. 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements. The provisions of this statement are effective for financial statements for the County's fiscal year ending June 30, 2018.

GASB Statement No. 77, *Tax Abatement Disclosures*, increases the disclosure requirements for tax abatements affecting the government entity and its ability to raise resources in the future. This standard applies to a reporting government's own tax abatement agreements or agreements entered into by other governments and that reduce the reporting government's tax revenues. The government that enters into the agreement must begin disclosing (1) brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provision for recapturing abated taxes, and the types of commitments made by tax abatement recipients, (2) the gross dollar amount of taxes abated during the period and (3) commitments made by a government, other than to abate taxes, as part of a tax abatement agreement. For governments impacted by other governments' tax abatements, the following must be disclosed: (1) the names of the governments that entered into the agreements, (2) the specific taxes being abated, and (3) the gross dollar amount of taxes abated during the period. The provisions of this statement are effective for financial statements for the County's fiscal year ending June 30, 2017.

#### 12. SUBSEQUENT EVENTS

The JPA issued a payment to the Lincoln / Lancaster County Public Building Commission (PBC) on September 10, 2015, in the amount of \$1,139,424 to reimburse for construction costs of a sally port in the 605 Building owned by the County. The JPA Board made the decision to use remaining bond proceeds from the Series 2009 bonds on the sally port after consulting with Bond Counsel. It was determined that the sally port was an integral part of the overall project.

REQUIRED SUPPLEMENTARY INFORMATION

**Lancaster County, Nebraska**  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - Budget Basis  
General Fund  
Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive/ (Negative)
<b>Revenues:</b>				
Taxes	\$ 73,000,185	\$ 73,000,185	\$ 70,746,219	\$ (2,253,966)
Charges for services	13,808,102	13,808,102	13,547,225	(260,877)
Federal receipts	2,106,627	2,106,627	1,963,766	(142,861)
State revenues	3,119,551	3,119,551	8,238,201	5,118,650
License, fees and rental income	41,500	41,500	38,745	(2,755)
Interest on investments	100,050	100,050	146,160	46,110
Intergovernmental	744,966	744,966	744,966	-
Other receipts	85,650	85,650	148,550	62,900
Total revenues	93,006,631	93,006,631	95,573,832	2,567,201
<b>Expenditures:</b>				
General Government:				
Board of Commissioners	277,222	277,222	272,134	(5,088)
County Clerk	1,001,018	1,001,018	983,900	(17,118)
County Treasurer	3,412,291	3,412,291	3,236,880	(175,411)
Assessor / Register of Deeds	3,894,466	3,949,466	3,926,312	(23,154)
ROD Technology	370,206	370,206	266,666	(103,540)
Election Commissioner	1,357,877	1,373,877	1,343,736	(30,141)
Information Services	931,566	931,566	877,804	(53,762)
Budget & Fiscal	320,458	331,158	329,912	(1,246)
General Government Miscellaneous	3,704,825	3,126,974	1,496,058	(1,630,916)
Administrative Services	391,497	394,997	394,588	(409)
Board of Equalization	356,250	356,250	323,756	(32,494)
Extension Service	1,067,730	1,067,730	1,062,910	(4,820)
Records & Information Management	597,907	609,907	591,887	(18,020)
Total general government	17,683,313	17,202,662	15,106,543	(2,096,119)
Public Safety:				
Clerk of District Court	1,685,257	1,689,957	1,683,057	(6,900)
County Court	874,367	928,218	908,234	(19,984)
Juvenile Court	1,900,284	1,900,284	1,898,217	(2,067)
District Court	2,690,904	2,858,004	2,730,399	(127,605)
Public Defender	3,822,991	3,852,991	3,852,958	(33)
Jury Commissioner	154,759	154,759	134,179	(20,580)
Justice System Miscellaneous	2,326,985	2,326,985	1,623,677	(703,308)
County Sheriff	10,962,544	10,962,544	10,773,247	(189,297)
County Attorney	6,891,769	6,901,769	6,901,520	(249)
Corrections	20,884,716	20,884,716	20,692,075	(192,641)
Juvenile Probation	291,865	291,865	269,967	(21,898)
Adult Probation	344,868	344,868	343,193	(1,675)
Community Corrections	2,744,582	2,744,582	2,600,158	(144,424)
Youth Services Center	6,019,052	6,019,052	5,860,279	(158,773)
Emergency Management	534,520	534,520	497,218	(37,302)
Mental Health Board	139,728	139,728	102,680	(37,048)
Total public safety	62,269,191	62,534,842	60,871,058	(1,663,784)

**Lancaster County, Nebraska**  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - Budget Basis  
General Fund  
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Public Works:</b>				
County Engineer	3,981,077	3,981,077	3,900,290	(80,787)
Total public works	3,981,077	3,981,077	3,900,290	(80,787)
<b>Public Health and Social Services:</b>				
General Assistance	2,307,315	2,457,315	2,408,226	(49,089)
Veterans & General Assistance Admin	804,323	814,323	801,035	(13,288)
Health & Human Services	4,118,918	4,173,918	4,154,005	(19,913)
Human Services	429,243	429,243	380,281	(48,962)
Total public health and social services	7,659,799	7,874,799	7,743,547	(131,252)
Total expenditures	91,593,380	91,593,380	87,621,438	(3,971,942)
Revenue over expenditures	1,413,251	1,413,251	7,952,394	6,539,143
<b>Other financing sources (uses):</b>				
Proceeds from sale of capital assets	-	-	60,012	60,012
Transfer in	1,519,925	1,519,925	1,432,671	(87,254)
Transfer out	(7,566,072)	(7,566,072)	(7,525,525)	(40,547)
Total other financing sources (uses)	(6,046,147)	(6,046,147)	(6,032,842)	13,305
Net change in fund balance	<u>\$ (4,632,896)</u>	<u>\$ (4,632,896)</u>	1,919,552	<u>\$ 6,552,448</u>
<b>Fund balance at beginning of year</b>			10,822,895	
Encumbrance credit			11,887	
<b>Fund balance at end of year</b>			<u>\$ 12,754,334</u>	
<b>Explanation of difference between budgetary and GAAP:</b>				
Net change in fund balance, budgetary basis			\$ 1,919,552	
Separately budgeted general fund subfunds:				
Veterans Aid fund			1,216	
Revenue accruals			10,579,302	
Expenditure accruals			(10,158,511)	
Current year encumbrances			282,803	
Net change in fund balance, GAAP basis			2,624,362	
Fund balance, beginning of year, GAAP basis			33,196,334	
Fund balance, end of year, GAAP basis			<u>\$ 35,820,696</u>	

# LANCASTER COUNTY, NEBRASKA

## NOTES TO BUDGETARY COMPARISON SCHEDULES

Year Ended June 30, 2015

### **NOTE A - BUDGETS AND BUDGETARY ACCOUNTING**

The County follows these procedures in establishing budgetary data reflected in the required supplemental information in accordance with the statutory requirements of the Nebraska Budget Act:

On or before August 1, the County Board of Commissioners prepares and transmits a budget for each County fund showing the projected requirements, outstanding warrants, operating reserve, cash on hand at the close of the preceding fiscal year, projected revenue collected from sources other than property tax and account to be raised by property taxation. The budget is prepared on a modified cash basis of accounting, which includes cash receipts and disbursements, modified for encumbrances. Encumbrances are also reflected as expenditures for budgetary purposes. At least one public hearing must be held by the County Board.

On or before September 20, the County Board of Commissioners, after the action of the State Board of Equalization and Assessment has been certified to the County Clerk, the budget, as revised, is adopted and the amounts provided therein are appropriated.

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

### **NOTE B - BASIS OF ACCOUNTING**

Revenues and expenditures are not presented on a basis consistent with generally accepted accounting principles (GAAP) and are instead presented on a budget basis of accounting. The revenues and expenditures differ from revenues and expenditures presented in accordance with GAAP because of the different treatment of encumbrances and accruals (revenue recognition). All unexpended appropriations will lapse at the end of the budget year. However, some appropriations may be encumbered at year end and disbursed in the following year due to the nature of the project.

### **NOTE C - BUDGET LAW**

The County is required by state law to hold public hearings and adopt annual budgets for all funds on the cash basis of accounting. Total expenditures for each fund may not exceed the total budgeted expenditures. Any revisions to the adopted budget of total expenditures to any fund require a public hearing.

## SUPPLEMENTARY INFORMATION

**Lancaster County, Nebraska**

Combining Balance Sheet

General Fund

June 30, 2015

	<b>General Fund</b>	<b>Veterans Aid Fund</b>	<b>Total General</b>
<b>Assets:</b>			
Cash, including investments	\$ 15,419,517	\$ 12,356	\$ 15,431,873
Taxes receivable	23,646,162	-	23,646,162
Due from other government agencies	1,426,755	-	1,426,755
Accounts receivable	288,909	-	288,909
Interest receivable	1,942	-	1,942
Total assets	<u>\$ 40,783,285</u>	<u>\$ 12,356</u>	<u>\$ 40,795,641</u>
<b>Liabilities:</b>			
Accounts payable	\$ 1,681,792	\$ -	\$ 1,681,792
Accrued salaries	1,817,325	-	1,817,325
Total liabilities	<u>3,499,117</u>	<u>-</u>	<u>3,499,117</u>
<b>Deferred inflows of resources:</b>			
Unavailable revenue - property tax receivable	1,475,828	-	1,475,828
Total deferred inflows of resources	<u>1,475,828</u>	<u>-</u>	<u>1,475,828</u>
<b>Fund balances:</b>			
Committed for:			
Public safety	56,071	-	56,071
Public works	144,534	-	144,534
General government	82,198	-	82,198
Assigned for:			
Veterans aid	-	12,356	12,356
Unassigned	35,525,537	-	35,525,537
Total fund balances	<u>35,808,340</u>	<u>12,356</u>	<u>35,820,696</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 40,783,285</u>	<u>\$ 12,356</u>	<u>\$ 40,795,641</u>

**Lancaster County, Nebraska**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
General Fund  
Year Ended June 30, 2015

	<b>General Fund</b>	<b>Veterans Aid Fund</b>	<b>Eliminations</b>	<b>Total General</b>
<b>Revenues:</b>				
Taxes	\$ 70,869,038	\$ -	\$ -	\$ 70,869,038
Charges for services	13,474,494	-	-	13,474,494
Intergovernmental	13,584,555	-	-	13,584,555
License, fees and rental income	38,745	-	-	38,745
Interest income	145,683	-	-	145,683
Other	176,018	-	-	176,018
<b>Total revenues</b>	<b>98,288,533</b>	<b>-</b>	<b>-</b>	<b>98,288,533</b>
<b>Expenditures:</b>				
Current:				
General government	14,447,366	-	-	14,447,366
Public safety	59,049,735	-	-	59,049,735
Public works	3,719,491	-	-	3,719,491
Public health and human services	7,977,983	3,784	-	7,981,767
Capital outlay	587,129	-	-	587,129
Debt service:				
Principal	11,419,000	-	-	11,419,000
Interest	661,102	-	-	661,102
<b>Total expenditures</b>	<b>97,861,806</b>	<b>3,784</b>	<b>-</b>	<b>97,865,590</b>
Excess (deficiency) of revenues over (under) expenditures	426,727	(3,784)	-	422,943
<b>Other financing sources (uses):</b>				
Issuance of capital lease	8,250,000	-	-	8,250,000
Sale of capital assets	39,274	-	-	39,274
Transfers in	1,432,671	5,000	(5,000)	1,432,671
Transfers out	(7,525,525)	-	5,000	(7,520,525)
<b>Total other financing sources (uses)</b>	<b>2,196,420</b>	<b>5,000</b>	<b>-</b>	<b>2,201,420</b>
Net change in fund balances	2,623,147	1,216	-	2,624,363
<b>Fund balances at beginning of year</b>	<b>33,185,193</b>	<b>11,140</b>	<b>-</b>	<b>33,196,333</b>
<b>Fund balances at end of year</b>	<b>\$ 35,808,340</b>	<b>\$ 12,356</b>	<b>\$ -</b>	<b>\$ 35,820,696</b>

**Lancaster County, Nebraska**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2015**

<b>Special Revenue Funds</b>									
	Visitors Improvement	Visitors Promotion	County Rural Library	Federal Grants	Keno	Economic Development	Lancaster Manor	Mental Health	Weed Control
<b>Assets:</b>									
Cash, including investments	\$ 1,807,564	\$ 970,062	\$ 12,712	\$ 2,744,118	\$ 1,579,287	\$ 339,210	\$ -	\$ 391,454	\$ 99,354
Taxes receivable	-	-	289,632	-	-	-	-	-	-
Due from other government agencies	314,253	314,253	2,143	76,822	74,384	-	-	97,451	-
Accounts receivable	-	-	-	3,316	-	-	-	1,006	9,903
Interest receivable	-	-	-	-	-	127	-	-	-
Patient and insurance receivables, net of allowance for doubtful accounts of \$818,986	-	-	-	-	-	-	-	180,012	-
<b>Total assets</b>	<b>\$ 2,121,817</b>	<b>\$ 1,284,315</b>	<b>\$ 304,487</b>	<b>\$ 2,824,256</b>	<b>\$ 1,653,671</b>	<b>\$ 339,337</b>	<b>\$ -</b>	<b>\$ 669,923</b>	<b>\$ 109,257</b>
<b>Liabilities:</b>									
Accounts payable	\$ 149,616	\$ 116,667	\$ -	\$ 307,013	\$ 45,126	\$ -	\$ -	\$ 74,715	\$ 10,571
Accrued salaries	-	-	-	-	-	-	-	83,422	15,612
Advance payable	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>149,616</b>	<b>116,667</b>	<b>-</b>	<b>307,013</b>	<b>45,126</b>	<b>-</b>	<b>-</b>	<b>158,137</b>	<b>26,183</b>
<b>Deferred inflows of resources:</b>									
Unavailable revenue - property tax receivable	-	-	23,672	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>23,672</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>									
Restricted for:									
Visitor improvement	1,972,201	1,167,648	-	-	-	-	-	-	-
Rural library services	-	-	280,815	-	-	-	-	-	-
Building, land and road maintenance	-	-	-	-	-	-	-	-	-
Drug education	-	-	-	2,476,273	-	-	-	-	-
Economic development	-	-	-	-	-	339,337	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Minor equipment	-	-	-	-	-	-	-	-	-
Jail construction	-	-	-	-	-	-	-	-	-
Emergency management	-	-	-	40,970	-	-	-	-	-
Committed for:									
Community betterment	-	-	-	-	1,608,545	-	-	-	-
Building maintenance	-	-	-	-	-	-	-	-	-
Building, land and road maintenance	-	-	-	-	-	-	-	-	-
Assigned for:									
Public health and human services	-	-	-	-	-	-	-	511,786	-
Building, land and road maintenance	-	-	-	-	-	-	-	-	83,074
<b>Total fund balances</b>	<b>1,972,201</b>	<b>1,167,648</b>	<b>280,815</b>	<b>2,517,243</b>	<b>1,608,545</b>	<b>339,337</b>	<b>-</b>	<b>511,786</b>	<b>83,074</b>
<b>Total liabilities, deferred outflows of resources and fund balances</b>	<b>\$ 2,121,817</b>	<b>\$ 1,284,315</b>	<b>\$ 304,487</b>	<b>\$ 2,824,256</b>	<b>\$ 1,653,671</b>	<b>\$ 339,337</b>	<b>\$ -</b>	<b>\$ 669,923</b>	<b>\$ 109,257</b>

**Lancaster County, Nebraska**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2015**

	Special Revenue Funds			Debt Service Fund		Capital Project Funds		Total Nonmajor Governmental Funds
	Building	County Property Management	City Building Maintenance	Debt Service	Correctional Facility Joint Public Agency	Bridge and Special Road	Jail Savings	
<b>Assets:</b>								
Cash, including investments	\$ 700,401	\$ 626,495	\$ 391,938	\$ 1,090,110	\$ 3,888,503	\$ 6,675,093	\$ 855,969	\$ 22,172,270
Taxes receivable	80,748	-	-	208,259	1,983,996	-	-	2,562,635
Due from other government agencies	819	101,753	-	2,102	20,572	-	-	1,004,552
Accounts receivable	-	116,291	-	-	-	34,826	-	165,342
Interest receivable	-	-	-	-	-	1,702	-	1,829
Patient and insurance receivables, net of allowance for doubtful accounts of \$729,970	-	-	-	-	-	-	-	180,012
Total assets	<u>\$ 781,968</u>	<u>\$ 844,539</u>	<u>\$ 391,938</u>	<u>\$ 1,300,471</u>	<u>\$ 5,893,071</u>	<u>\$ 6,711,621</u>	<u>\$ 855,969</u>	<u>\$ 26,086,640</u>
<b>Liabilities:</b>								
Accounts payable	\$ -	\$ 59,797	\$ 1,794	\$ -	\$ 33,900	\$ 81,652	\$ -	\$ 880,851
Accrued salaries	-	120,342	-	-	-	64,117	-	283,493
Advance payable	-	-	36,738	-	-	-	-	36,738
Total liabilities	<u>-</u>	<u>180,139</u>	<u>38,532</u>	<u>-</u>	<u>33,900</u>	<u>145,769</u>	<u>-</u>	<u>1,201,082</u>
<b>Deferred inflows of resources:</b>								
Unavailable revenue - property tax receivable	5,008	-	-	12,964	118,665	-	-	160,309
Total deferred inflows of resources	<u>5,008</u>	<u>-</u>	<u>-</u>	<u>12,964</u>	<u>118,665</u>	<u>-</u>	<u>-</u>	<u>160,309</u>
<b>Fund balances:</b>								
Restricted for:								
Visitor improvement	-	-	-	-	-	-	-	3,139,849
Rural library services	-	-	-	-	-	-	-	280,815
Building, land and road maintenance	776,960	-	-	-	-	652,872	-	1,429,832
Drug education	-	-	-	-	-	-	-	2,476,273
Economic development	-	-	-	-	-	-	-	339,337
Debt service	-	-	-	1,287,507	4,254,082	-	-	5,541,589
Minor equipment	-	-	-	-	-	-	855,969	855,969
Jail construction	-	-	-	-	1,486,424	-	-	1,486,424
Emergency management	-	-	-	-	-	-	-	40,970
Committed for:								
Community betterment	-	-	-	-	-	-	-	1,608,545
Building maintenance	-	664,400	353,406	-	-	-	-	1,017,806
Building, land and road maintenance	-	-	-	-	-	1,781,146	-	1,781,146
Assigned for:								
Public health and human services	-	-	-	-	-	-	-	511,786
Building, land and road maintenance	-	-	-	-	-	4,131,834	-	4,214,908
Total fund balances	<u>776,960</u>	<u>664,400</u>	<u>353,406</u>	<u>1,287,507</u>	<u>5,740,506</u>	<u>6,565,852</u>	<u>855,969</u>	<u>24,725,249</u>
Total liabilities, deferred outflows of resources and fund balances	<u>\$ 781,968</u>	<u>\$ 844,539</u>	<u>\$ 391,938</u>	<u>\$ 1,300,471</u>	<u>\$ 5,893,071</u>	<u>\$ 6,711,621</u>	<u>\$ 855,969</u>	<u>\$ 26,086,640</u>

**Lancaster County, Nebraska**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances - Nonmajor Governmental Funds**  
**Year Ended June 30, 2015**

<b>Special Revenue Funds</b>									
	Visitors Improvement	Visitors Promotion	County Rural Library	Federal Grants	Keno	Economic Development	Lancaster Manor	Mental Health	Weed Control
<b>Revenues:</b>									
Taxes	\$ 1,505,649	\$ 1,505,650	\$ 725,002	\$ 19	\$ -	\$ -	\$ -	\$ 9,045	\$ 30,156
Charges for services	-	-	-	5,285	-	-	-	384,868	32,007
Intergovernmental	-	-	44,150	2,719,984	-	-	-	1,566,331	144,971
Medicaid/Medicare/MRO reimbursements	-	-	-	-	-	-	-	891,362	-
License, fees and rental income	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	1,627	547	-	-
Other income	-	-	-	1,819,202	1,032,309	15,587	-	54,566	4,985
Total revenues	1,505,649	1,505,650	769,152	4,544,490	1,032,309	17,214	547	2,906,172	212,119
<b>Expenditures:</b>									
General government	-	-	-	-	55,353	-	-	-	-
Public safety	-	-	-	498,831	-	-	-	-	-
Community development	-	-	-	-	-	2,334	-	-	-
Public works	-	-	-	-	-	-	-	-	366,781
Public health and human services	-	-	-	1,658,700	-	-	-	3,352,923	-
Culture and recreation	1,773,344	1,400,004	761,855	-	-	-	-	-	-
Capital outlays	-	-	-	373,686	22,411	-	-	-	1,902
Debt service:									
Principal	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Total expenditures	1,773,344	1,400,004	761,855	2,531,217	77,764	2,334	-	3,352,923	368,683
Excess of revenues over (under) expenditures	(267,695)	105,646	7,297	2,013,273	954,545	14,880	547	(446,751)	(156,564)
<b>Other financing sources (uses):</b>									
Sale of capital assets	-	-	-	-	-	-	-	-	3,806
Transfers in	-	-	-	-	-	-	-	750,000	144,972
Transfers out	-	-	-	(432,671)	(1,000,000)	-	(778,709)	-	-
Total other financing sources (uses)	-	-	-	(432,671)	(1,000,000)	-	(778,709)	750,000	148,778
Net change in fund balances	(267,695)	105,646	7,297	1,580,602	(45,455)	14,880	(778,162)	303,249	(7,786)
<b>Fund balances at beginning of year</b>	2,239,896	1,062,002	273,518	936,641	1,654,000	324,457	778,162	208,537	90,860
<b>Fund balances at end of year</b>	\$ 1,972,201	\$ 1,167,648	\$ 280,815	\$ 2,517,243	\$ 1,608,545	\$ 339,337	\$ -	\$ 511,786	\$ 83,074

**Lancaster County, Nebraska**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances - Nonmajor Governmental Funds**  
**Year Ended June 30, 2015**

	Special Revenue Funds			Debt Service Fund		Capital Project Funds		Total Nonmajor Governmental Funds
	Building	County Property Management	City Building Maintenance	Debt Service	Correctional Facility Joint Public Agency	Bridge and Special Road	Jail Savings	
<b>Revenues:</b>								
Taxes	\$ 198,464	\$ -	\$ -	\$ 513,550	\$ 4,584,913	\$ -	\$ 673	\$ 9,073,121
Charges for services	-	3,566,599	327,592	-	-	470,265	-	4,786,616
Intergovernmental	12,858	-	-	33,016	303,627	329,624	-	5,154,561
Medicaid/Medicare/MRO reimbursements	-	-	-	-	-	-	-	891,362
License, fees and rental income	67,102	1,356,665	-	50,401	-	-	-	1,474,168
Interest income	-	-	-	-	10,284	25,118	-	37,576
Other income	-	-	-	-	-	-	-	2,926,649
Total revenues	278,424	4,923,264	327,592	596,967	4,898,824	825,007	673	24,344,053
<b>Expenditures:</b>								
General government	4,288	4,815,301	296,294	-	-	-	-	5,171,236
Public safety	285	-	-	-	350,516	-	1,140	850,772
Community development	-	-	-	-	-	-	-	2,334
Public works	-	-	-	-	-	3,484,546	-	3,851,327
Public health and human services	-	-	-	-	-	-	-	5,011,623
Culture and recreation	-	-	-	-	-	-	-	3,935,203
Capital outlays	39,984	32,453	32,298	-	179,210	2,666,336	19,263	3,367,543
Debt service:								
Principal	-	-	-	1,170,000	2,645,000	-	-	3,815,000
Interest	-	-	-	66,813	2,220,430	-	-	2,287,243
Total expenditures	44,557	4,847,754	328,592	1,236,813	5,395,156	6,150,882	20,403	28,292,281
Excess of revenues over (under) expenditures	233,867	75,510	(1,000)	(639,846)	(496,332)	(5,325,875)	(19,730)	(3,948,228)
<b>Other financing sources (uses):</b>								
Sale of capital assets	-	-	-	-	-	34,614	-	38,420
Transfers in	-	-	-	-	-	6,246,436	-	7,141,408
Transfers out	-	-	-	-	-	-	-	(2,211,380)
Total other financing sources (uses)	-	-	-	-	-	6,281,050	-	4,968,448
Net change in fund balances	233,867	75,510	(1,000)	(639,846)	(496,332)	955,175	(19,730)	1,020,220
<b>Fund balances at beginning of year</b>	543,093	588,890	354,406	1,927,353	6,236,838	5,610,677	875,699	23,705,029
<b>Fund balances at end of year</b>	\$ 776,960	\$ 664,400	\$ 353,406	\$ 1,287,507	\$ 5,740,506	\$ 6,565,852	\$ 855,969	\$ 24,725,249

**Lancaster County, Nebraska**  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - Budget Basis  
Visitor Improvement Fund  
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 1,400,000	\$ 1,400,000	\$ 1,483,224	\$ 83,224
Total revenues	1,400,000	1,400,000	1,483,224	83,224
<b>Expenditures:</b>				
Other contracted services	3,473,067	3,473,067	1,748,727	1,724,340
Total expenditures	3,473,067	3,473,067	1,748,727	1,724,340
Net change in fund balance	<u>\$ (2,073,067)</u>	<u>\$ (2,073,067)</u>	(265,503)	<u>\$ 1,807,564</u>
<b>Fund balance at beginning of year</b>			<u>2,073,068</u>	
<b>Fund balance at end of year</b>			<u>\$ 1,807,565</u>	

**Lancaster County, Nebraska**  
 Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget and Actual - Budget Basis  
 Visitor Promotion Fund  
 Year Ended June 30, 2015

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 1,400,000	\$ 1,400,000	\$ 1,483,225	\$ 83,225
Total revenues	1,400,000	1,400,000	1,483,225	83,225
<b>Expenditures:</b>				
Other contracted services	1,400,004	1,400,004	1,400,004	-
Miscellaneous fees & services	770,169	770,169	-	770,169
Total expenditures	2,170,173	2,170,173	1,400,004	770,169
Net change in fund balance	\$ (770,173)	\$ (770,173)	83,221	\$ 853,394
<b>Fund balance at beginning of year</b>			770,174	
<b>Fund balance at end of year</b>			\$ 853,395	

**Lancaster County, Nebraska**  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - Budget Basis  
County Rural Library Fund  
Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amount Budgetary Basis</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 747,662	\$ 747,662	\$ 708,729	\$ (38,933)
State revenues	2,700	2,700	43,810	41,110
Intergovernmental	-	-	37	37
Total revenues	<u>750,362</u>	<u>750,362</u>	<u>752,576</u>	<u>2,214</u>
<b>Expenditures:</b>				
City/County shared	761,853	761,853	761,854	(1)
Miscellaneous fees & services	500	500	-	500
Total expenditures	<u>762,353</u>	<u>762,353</u>	<u>761,854</u>	<u>499</u>
Net change in fund balance	<u>\$ (11,991)</u>	<u>\$ (11,991)</u>	<u>(9,278)</u>	<u>\$ 2,713</u>
<b>Fund balance at beginning of year</b>			<u>21,990</u>	
<b>Fund balance at end of year</b>			<u>\$ 12,712</u>	

**Lancaster County, Nebraska**  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - Budget Basis  
Federal Grants Fund  
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ 19	\$ 19
Charges for services	-	-	5,285	5,285
Federal receipts	2,332,829	2,332,829	1,564,514	(768,315)
State revenues	1,386,354	1,386,354	1,181,514	(204,840)
Intergovernmental	50,000	50,000	24,414	(25,586)
Other receipts	76,900	76,900	1,815,886	1,738,986
Total revenues	3,846,083	3,846,083	4,591,632	745,549
<b>Expenditures:</b>				
Office supplies	8,414	8,414	1,739	6,675
Operating supplies	64,390	64,390	86,320	(21,930)
Energy supplies	-	-	348	(348)
Repair & maintenance supplies	-	-	1,139	(1,139)
Food supplies	300	300	7,975	(7,675)
Other contracted services	2,639,549	2,639,549	688,461	1,951,088
Not-for-profit contracts	1,094,875	1,094,875	1,014,538	80,337
Transportation, travel & subsistence	100,027	100,027	146,681	(46,654)
Communications	1,500	1,500	4,056	(2,556)
Postage, courier & freight	-	-	275	(275)
Printing & advertising	-	-	307	(307)
Miscellaneous fees & services	463,047	463,047	167,238	295,809
Repair & maintenance costs	-	-	7,885	(7,885)
Rentals	720	720	6,102	(5,382)
Equipment	3,574	3,574	481,358	(477,784)
Total expenditures	4,376,396	4,376,396	2,614,422	1,761,974
Revenue over (under) expenditures	(530,313)	(530,313)	1,977,210	2,507,523
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	449	449
Transfers out	(269,925)	(269,925)	(433,120)	(163,195)
Total other financing sources (uses)	(269,925)	(269,925)	(432,671)	(162,746)
Net change in fund balance	\$ (800,238)	\$ (800,238)	1,544,539	\$ 2,344,777
<b>Fund balance at beginning of year</b>			800,238	
Encumbrance credit			3,699	
<b>Fund balance at end of year</b>			\$ 2,348,476	

**Lancaster County, Nebraska**  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - Budget Basis  
Keno Fund  
Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<b>Actual Amount Budgetary Basis</b>	<b>Variance with Final Budget Positive/ (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Other receipts	\$ 900,000	\$ 900,000	\$ 1,033,067	\$ 133,067
Total revenues	<u>900,000</u>	<u>900,000</u>	<u>1,033,067</u>	<u>133,067</u>
<b>Expenditures:</b>				
Other contracted services	1,500	1,500	3,700	(2,200)
City/County shared	100,000	100,000	-	100,000
Not-for-profit contracts	50,000	50,000	50,030	(30)
Miscellaneous fees & services	942,335	942,335	-	942,335
Equipment	160,424	160,424	4,310	156,114
Total expenditures	<u>1,254,259</u>	<u>1,254,259</u>	<u>58,040</u>	<u>1,196,219</u>
Revenue over (under) expenditures	<u>(354,259)</u>	<u>(354,259)</u>	<u>975,027</u>	<u>1,329,286</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(1,250,000)	(1,250,000)	(1,000,000)	250,000
Total other financing sources (uses)	<u>(1,250,000)</u>	<u>(1,250,000)</u>	<u>(1,000,000)</u>	<u>250,000</u>
Net change in fund balance	<u>\$ (1,604,259)</u>	<u>\$ (1,604,259)</u>	(24,973)	<u>\$ 1,579,286</u>
<b>Fund balance at beginning of year</b>			<u>1,604,260</u>	
<b>Fund balance at end of year</b>			<u>\$ 1,579,287</u>	

**Lancaster County, Nebraska**  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - Budget Basis  
Economic Development Fund  
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Revenues:</b>				
Interest on investments	\$ 1,500	\$ 1,500	\$ 1,656	\$ 156
Other receipts	15,500	15,500	15,587	87
Total revenues	17,000	17,000	17,243	243
<b>Expenditures:</b>				
Other contracted services	20,000	20,000	2,335	17,665
Miscellaneous fees & services	321,302	321,302	-	321,302
Total expenditures	341,302	341,302	2,335	338,967
Net change in fund balance	\$ (324,302)	\$ (324,302)	14,908	\$ 339,210
<b>Fund balance at beginning of year</b>			324,301	
<b>Fund balance at end of year</b>			\$ 339,209	

**Lancaster County, Nebraska**  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - Budget Basis  
Lancaster Manor Fund  
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Revenues:</b>				
Interest on investments	\$ 5,000	\$ 5,000	\$ 928	\$ (4,072)
Total revenues	5,000	5,000	928	(4,072)
<b>Expenditures:</b>				
Other contracted services	-	-	-	-
Total expenditures	-	-	-	-
Revenue over (under) expenditures	5,000	5,000	928	(4,072)
<b>Other Financing Sources (Uses):</b>				
Transfers out	(782,781)	(782,781)	(778,709)	4,072
Total other financing sources (uses)	(782,781)	(782,781)	(778,709)	4,072
Net change in fund balance	<u>\$ (777,781)</u>	<u>\$ (777,781)</u>	(777,781)	<u>\$ -</u>
<b>Fund balance at beginning of year</b>			<u>777,781</u>	
<b>Fund balance at end of year</b>			<u>\$ -</u>	

**Lancaster County, Nebraska**  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - Budget Basis  
Mental Health Fund  
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Revenues:</b>				
State revenues	\$ 1,245,538	\$ 1,245,538	\$ 1,581,824	\$ 336,286
Medicaid/Medicare/MRO reimbursements	608,900	708,900	909,504	200,604
County aid	1,169,664	1,169,664	750,000	(419,664)
Taxes	-	-	9,045	9,045
Charges for services	414,652	414,652	397,914	(16,738)
Other income	-	-	61,088	61,088
Total revenues	<u>3,438,754</u>	<u>3,538,754</u>	<u>3,709,375</u>	<u>170,621</u>
<b>Expenditures:</b>				
Salaries & wages	1,794,436	1,794,436	1,839,561	(45,125)
Employee benefits	618,576	618,576	584,119	34,457
Contracted services	735,129	735,129	597,608	137,521
Lease expense	105,412	105,412	105,412	-
Client services	39,800	39,800	36,535	3,265
Contracted medical services	149,700	149,700	68,684	81,016
Insurance	26,495	26,495	42,190	(15,695)
Communications	7,150	7,150	6,758	392
Miscellaneous fees & services	10,600	10,600	128,227	(117,627)
Repair & maintenance costs	500	500	824	(324)
Energy supplies	300	300	47	253
Other compensation	12,761	112,761	90,432	22,329
Operating supplies	7,100	7,100	4,999	2,101
Printing & advertising	4,750	4,750	4,135	615
Medical supplies	28,600	28,600	17,011	11,589
Transportation & travel	300	300	95	205
Postage, courier and freight	4,000	4,000	687	3,313
Office supplies	4,200	4,200	1,944	2,256
Equipment	3,930	3,930	-	3,930
Total expenditures	<u>3,553,739</u>	<u>3,653,739</u>	<u>3,529,268</u>	<u>124,471</u>
Net change in fund balance	<u>\$ (114,985)</u>	<u>\$ (114,985)</u>	180,107	<u>\$ 295,092</u>
Fund balance at beginning of year			114,983	
Fund balance at end of year			<u>\$ 295,090</u>	

**Lancaster County, Nebraska**  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - Budget Basis  
Weed Control Fund  
Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amount Budgetary Basis</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 32,000	\$ 32,000	\$ 30,156	\$ (1,844)
Charges for services	26,000	26,000	22,105	(3,895)
Intergovernmental	144,971	144,971	144,971	-
Other receipts	-	-	4,985	4,985
Total revenues	<u>202,971</u>	<u>202,971</u>	<u>202,217</u>	<u>(754)</u>
<b>Expenditures:</b>				
Salaries & wages	190,724	190,724	185,610	5,114
Employee benefits	60,262	60,262	62,546	(2,284)
Other compensation costs	5,638	5,638	4,138	1,500
Office supplies	1,250	1,250	1,010	240
Operating supplies	1,950	1,950	635	1,315
Energy supplies	8,000	8,000	5,237	2,763
Other contracted services	45,777	45,777	45,981	(204)
Transportation, travel & subsistence	3,750	3,750	1,724	2,026
Communications	3,000	3,000	2,302	698
Postage, courier and freight	8,500	8,500	7,995	505
Printing & advertising	3,350	3,350	3,337	13
Miscellaneous fees & services	36,600	36,600	32,904	3,696
Insurance & surety bonds	4,050	4,050	4,712	(662)
Utilities	950	950	850	100
Repair & maintenance costs	5,000	5,000	4,466	534
Equipment	2,000	2,000	1,902	98
Total expenditures	<u>380,801</u>	<u>380,801</u>	<u>365,349</u>	<u>15,452</u>
Revenue over (under) expenditures	<u>(177,830)</u>	<u>(177,830)</u>	<u>(163,132)</u>	<u>14,698</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	144,972	144,972	144,972	-
Total other financing sources (uses)	<u>144,972</u>	<u>144,972</u>	<u>144,972</u>	<u>-</u>
Net change in fund balance	<u>\$ (32,858)</u>	<u>\$ (32,858)</u>	(18,160)	<u>\$ 14,698</u>
<b>Fund balance at beginning of year</b>			<u>90,858</u>	
<b>Fund balance at end of year</b>			<u>\$ 72,698</u>	

**Lancaster County, Nebraska**  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - Budget Basis  
Building Fund  
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 200,000	\$ 200,000	\$ 200,536	\$ 536
State revenues	500	500	12,835	12,335
Licenses, fees, and rental income	67,100	67,100	67,102	2
Intergovernmental	6,000	6,000	-	(6,000)
Total revenues	273,600	273,600	280,473	6,873
<b>Expenditures:</b>				
Repair & maintenance supplies	-	-	1,614	(1,614)
Other contracted services	-	-	7,763	(7,763)
Miscellaneous fees & services	-	-	70	(70)
Utilities	-	-	284	(284)
Repair & maintenance costs	-	-	1,298	(1,298)
Land	800	800	1,000	(200)
Buildings	779,237	779,237	19,592	759,645
Improvements other than buildings	-	-	54,889	(54,889)
Total expenditures	780,037	780,037	86,510	693,527
Net change in fund balance	\$ (506,437)	\$ (506,437)	193,963	\$ 700,400
<b>Fund balance at beginning of year</b>			506,437	
<b>Fund balance at end of year</b>			\$ 700,400	

## Lancaster County, Nebraska

### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis County Property Management Fund Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Positive/ (Negative)</u>
<b>Revenues:</b>				
Charges for services	\$ 3,076,246	\$ 3,076,246	\$ 3,550,328	\$ 474,082
Licenses, fees, and rental income	1,359,774	1,359,774	1,307,596	(52,178)
Total revenues	<u>4,436,020</u>	<u>4,436,020</u>	<u>4,857,924</u>	<u>421,904</u>
<b>Expenditures:</b>				
Salaries & wages	2,861,228	2,861,228	2,807,254	53,974
Employee benefits	1,110,341	1,110,341	1,149,648	(39,307)
Other compensation costs	60,966	60,966	52,991	7,975
Office supplies	350	350	-	350
Operating supplies	36,969	36,969	23,208	13,761
Medical supplies	500	500	-	500
Energy supplies	8,320	8,320	5,464	2,856
Highway & bridge supplies	215	215	-	215
Traffic control supplies	350	350	-	350
Repair & maintenance supplies	34,600	34,600	31,698	2,902
Other contracted services	364,197	364,197	280,770	83,427
City/County Shared	-	-	2,075	(2,075)
Trans, travel & subsistence	-	-	353	(353)
Communications	4,010	4,010	6,533	(2,523)
Postage, courier, & freight	181	181	1,320	(1,139)
Printing & advertising	500	500	-	500
Contracted health services	-	-	236	(236)
Miscellaneous fees & services	950	950	1,044	(94)
Insurance & surety bonds	25,889	25,889	43,999	(18,110)
Utilities	390,120	390,120	368,389	21,731
Repair & maintenance costs	50,456	50,456	61,437	(10,981)
Rentals	1,351	1,351	2,397	(1,046)
Buildings	22,876	22,876	1,879	20,997
Improvements other than buildings	450	450	3,020	(2,570)
Equipment	150	150	6,725	(6,575)
Total expenditures	<u>4,974,969</u>	<u>4,974,969</u>	<u>4,850,440</u>	<u>124,529</u>
Net change in fund balance	<u>\$ (538,949)</u>	<u>\$ (538,949)</u>	7,484	<u>\$ 546,433</u>
<b>Fund balance at beginning of year</b>			<u>590,211</u>	
<b>Fund balance at end of year</b>			<u>\$ 597,695</u>	

**Lancaster County, Nebraska**

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - Budget Basis  
City Building Maintenance Fund  
Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amount Budgetary Basis</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Charges for services	\$ 303,500	\$ 303,500	\$ 303,500	\$ -
Total revenues	<u>303,500</u>	<u>303,500</u>	<u>303,500</u>	<u>-</u>
<b>Expenditures:</b>				
Operating supplies	3,600	3,600	2,932	668
Energy Supplies	5,100	5,100	2,785	2,315
Traffic control supplies	500	500	-	500
Repair & maintenance supplies	8,000	8,000	8,057	(57)
Other contracted services	240,500	240,500	218,724	21,776
City/County Shared	5,100	5,100	1,625	3,475
Communications	500	500	894	(394)
Miscellaneous fees & services	2,000	2,000	1,599	401
Insurance & surety bonds	1,500	1,500	2,312	(812)
Utilities	41,500	41,500	22,831	18,669
Repair & maintenance costs	24,000	24,000	11,111	12,889
Rentals	30,500	30,500	24,181	6,319
Buildings	351,696	351,696	8,004	343,692
Improvements other than buildings	5,000	5,000	22,720	(17,720)
Equipment	1,000	1,000	1,574	(574)
Total expenditures	<u>720,496</u>	<u>720,496</u>	<u>329,349</u>	<u>391,147</u>
Net change in fund balance	<u>\$ (416,996)</u>	<u>\$ (416,996)</u>	(25,849)	<u>\$ 391,147</u>
<b>Fund balance at beginning of year</b>			<u>416,995</u>	
<b>Fund balance at end of year</b>			<u>\$ 391,146</u>	

**Lancaster County, Nebraska**  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - Budget Basis  
Debt Service Fund  
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 530,615	\$ 530,615	\$ 517,892	\$ (12,723)
State revenues	1,750	1,750	32,908	31,158
Licenses, fees, and rental income	50,400	50,400	50,400	-
Total revenues	582,765	582,765	601,200	18,435
<b>Expenditures:</b>				
Other operating expenses	-	-	10	(10)
Debt service	2,208,499	2,208,499	1,236,813	971,686
Total expenditures	2,208,499	2,208,499	1,236,823	971,676
Net change in fund balance	\$ (1,625,734)	\$ (1,625,734)	(635,623)	\$ 990,111
<b>Fund balance at beginning of year</b>			1,725,733	
<b>Fund balance at end of year</b>			\$ 1,090,110	

## Lancaster County, Nebraska

Schedule of Revenues, Expenditures and Changes in Fund Balance-  
Budget and Actual-Budget Basis  
Correctional Facility Joint Public Agency Fund  
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 4,830,000	\$ 4,830,000	\$ 4,626,140	\$ (203,860)
State revenues	15,600	15,600	300,786	285,186
Interest income	4,200	4,200	10,284	6,084
Intergovernmental	1,300	1,300	1,421	121
Total revenues	4,851,100	4,851,100	4,938,631	87,531
<b>Expenditures:</b>				
Supplies, minor equipment	-	-	17,555	(17,555)
Other contracted services	2,000	2,000	28,670	(26,670)
Repair and maintenance	-	-	270,391	(270,391)
Capital outlay	2,074,876	2,074,876	275,790	1,799,086
Debt service	4,865,430	4,865,430	4,865,430	-
Total expenditures	6,942,306	6,942,306	5,457,836	1,484,470
Net change in fund balance	\$ (2,091,206)	\$ (2,091,206)	(519,205)	\$ 1,572,001
<b>Fund balance at beginning of year</b>			4,407,707	
<b>Fund balance at end of year</b>			\$ 3,888,502	

**Lancaster County, Nebraska**  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - Budget Basis  
Bridge and Special Road Fund  
Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<b>Actual Amount Budgetary Basis</b>	<b>Variance with Final Budget Positive/ (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ 1	\$ 1
Charges for services	685,000	685,000	471,969	(213,031)
State revenues	329,138	329,138	329,624	486
Interest on investments	20,000	20,000	24,219	4,219
Total revenues	<u>1,034,138</u>	<u>1,034,138</u>	<u>825,813</u>	<u>(208,325)</u>
<b>Expenditures:</b>				
Salaries & wages	1,656,536	1,656,536	1,473,819	182,717
Employee benefits	662,212	662,212	627,982	34,230
Other compensation costs	48,202	48,202	48,202	-
Office supplies	1,400	1,400	982	418
Operating supplies	29,900	29,900	36,861	(6,961)
Medical supplies	200	200	106	94
Energy supplies	633,200	633,200	370,866	262,334
Highway & bridge supplies	743,300	743,300	734,642	8,658
Traffic control supplies	10,000	10,000	931	9,069
Repair & maintenance supplies	166,000	166,000	168,654	(2,654)
Communications	3,000	3,000	2,794	206
Postage, courier & freight	1,100	1,100	140	960
Miscellaneous fees & services	7,100	7,100	4,467	2,633
Utilities	56,200	56,200	41,369	14,831
Repair & maintenance costs	47,100	47,100	15,965	31,135
Rentals	7,500	7,500	3,745	3,755
Land	275,500	275,500	59,237	216,263
Equipment	155,150	155,150	36,283	118,867
Capitalized contracts	5,614,911	5,614,911	1,925,822	3,689,089
Total expenditures	<u>10,118,511</u>	<u>10,118,511</u>	<u>5,552,867</u>	<u>4,565,644</u>
Revenue over (under) expenditures	<u>(9,084,373)</u>	<u>(9,084,373)</u>	<u>(4,727,054)</u>	<u>4,357,319</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds from sale of capital assets	25,000	25,000	29,764	4,764
Transfers in	6,246,436	6,246,436	6,246,436	-
Total other financing sources (uses)	<u>6,271,436</u>	<u>6,271,436</u>	<u>6,276,200</u>	<u>4,764</u>
Net change in fund balance	<u>\$ (2,812,937)</u>	<u>\$ (2,812,937)</u>	1,549,146	<u>\$ 4,362,083</u>
<b>Fund balance at beginning of year</b>			3,112,937	
Encumbrance credit			101,459	
<b>Fund balance at end of year</b>			<u>\$ 4,763,542</u>	

**Lancaster County, Nebraska**  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - Budget Basis  
Jail Savings Fund  
Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<b>Actual Amount Budgetary Basis</b>	<b>Variance with Final Budget Positive/ (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ 673	\$ 673
Interest on investments	2,000	2,000	-	(2,000)
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>673</u>	<u>(1,327)</u>
<b>Expenditures:</b>				
Repair & maintenance costs	-	-	1,140	(1,140)
Equipment	877,699	877,699	19,263	858,436
Total expenditures	<u>877,699</u>	<u>877,699</u>	<u>20,403</u>	<u>857,296</u>
Net change in fund balance	<u><u>\$ (875,699)</u></u>	<u><u>\$ (875,699)</u></u>	(19,730)	<u><u>\$ 855,969</u></u>
<b>Fund balance at beginning of year</b>			<u>875,699</u>	
<b>Fund balance at end of year</b>			<u><u>\$ 855,969</u></u>	

**Lancaster County, Nebraska**  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - Budget Basis  
Highway Fund  
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 15,000	\$ 15,000	\$ 6,893	\$ (8,107)
State revenues	7,440,072	7,440,072	7,692,608	252,536
Licenses, fees, and rental income	-	-	2,380	2,380
Interest on investments	10,000	10,000	11,453	1,453
Other receipts	15,000	15,000	43,640	28,640
Total revenues	<u>7,480,072</u>	<u>7,480,072</u>	<u>7,756,974</u>	<u>276,902</u>
<b>Expenditures:</b>				
Salaries & wages	1,819,332	1,819,332	1,799,804	19,528
Employee benefits	752,187	752,187	786,614	(34,427)
Other compensation costs	48,660	48,660	48,202	458
Office supplies	3,600	3,600	3,407	193
Operating supplies	143,366	143,366	133,083	10,283
Medical supplies	400	400	228	172
Energy supplies	774,000	774,000	525,498	248,502
Highway & bridge supplies	983,750	983,750	899,058	84,692
Traffic control supplies	111,900	111,900	195,065	(83,165)
Repair & maintenance supplies	375,800	375,800	277,472	98,328
Other contracted services	12,550	12,550	6,760	5,790
Communications	5,325	5,325	5,150	175
Postage, courier & freight	4,400	4,400	2,863	1,537
Printing & advertising	600	600	727	(127)
Miscellaneous fees & services	14,500	14,500	25,522	(11,022)
Utilities	40,600	40,600	38,358	2,242
Repair & maintenance costs	197,250	197,250	223,298	(26,048)
Rentals	25,000	25,000	12,088	12,912
Buildings	300,000	300,000	-	300,000
Equipment	995,900	995,900	989,022	6,878
Capitalized contracts	1,591,388	1,591,388	1,962,180	(370,792)
Total expenditures	<u>8,200,508</u>	<u>8,200,508</u>	<u>7,934,399</u>	<u>266,109</u>
Revenue over (under) expenditures	<u>(720,436)</u>	<u>(720,436)</u>	<u>(177,425)</u>	<u>543,011</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds from sale of capital assets	10,000	10,000	-	(10,000)
Transfers in	-	-	279,117	279,117
Total other financing sources (uses)	<u>10,000</u>	<u>10,000</u>	<u>279,117</u>	<u>269,117</u>
Net change in fund balance	<u>\$ (710,436)</u>	<u>\$ (710,436)</u>	101,692	<u>\$ 812,128</u>
<b>Fund balance at beginning of year</b>			910,436	
Encumbrance credit			1,610	
<b>Fund balance at end of year</b>			<u>\$ 1,013,738</u>	

**Lancaster County, Nebraska**  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - Budget Basis  
Veterans Aid Fund  
Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amount Budgetary Basis</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures:</b>				
Other client services	\$ 12,880	\$ 12,880	\$ 3,784	\$ 9,096
Total expenditures	12,880	12,880	3,784	9,096
<b>Other Financing Sources (Uses):</b>				
Transfers in	5,000	5,000	5,000	-
Total other financing sources (uses)	5,000	5,000	5,000	-
Net change in fund balance	<u>\$ (7,880)</u>	<u>\$ (7,880)</u>	1,216	<u>\$ 9,096</u>
<b>Fund balance at beginning of year</b>			11,140	
<b>Fund balance at end of year</b>			<u>\$ 12,356</u>	

**Lancaster County, Nebraska**  
Combining Statement of Net Position  
Internal Service Funds  
June 30, 2015

	<b>Workers'</b>	<b>Other Self</b>	<b>Group</b>	<b>Total</b>
	<b>Compensation</b>	<b>Insurance Loss</b>	<b>Insurance</b>	
<b>Assets:</b>				
Current assets:				
Cash, including investments	\$ 57,657	\$ 1,313,680	\$ 4,870,447	\$ 6,241,784
Accounts receivable	-	-	13,415	13,415
Interest receivable	-	489	-	489
Total current assets	<u>57,657</u>	<u>1,314,169</u>	<u>4,883,862</u>	<u>6,255,688</u>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable	21,896	15,591	232,940	270,427
Claims payable	1,022,533	929,087	757,000	2,708,620
Accrued salaries	4,982	-	-	4,982
Current portion - accrued compensated absences	7,500	-	-	7,500
Total current liabilities	<u>1,056,911</u>	<u>944,678</u>	<u>989,940</u>	<u>2,991,529</u>
Noncurrent liabilities:				
Accrued compensated absences	44,173	-	-	44,173
Total liabilities	<u>1,101,084</u>	<u>944,678</u>	<u>989,940</u>	<u>3,035,702</u>
<b>Net position:</b>				
Unrestricted	<u>\$ (1,043,427)</u>	<u>\$ 369,491</u>	<u>\$ 3,893,922</u>	<u>\$ 3,219,986</u>

## Lancaster County, Nebraska

### Combining Statement of Revenues, Expenses, and Changes in Net Position Internal Service Funds Year Ended June 30, 2015

	<b>Workers' Compensation</b>	<b>Other Self Insurance Loss</b>	<b>Group Insurance</b>	<b>Total</b>
<b>Operating revenues:</b>				
Charges for services	\$ 622,765	\$ 376,891	\$ 12,277,554	\$ 13,277,210
Other insurance reimbursements	980	42,414	3	43,397
Total operating revenues	<u>623,745</u>	<u>419,305</u>	<u>12,277,557</u>	<u>13,320,607</u>
<b>Operating expenses:</b>				
Insurance	804,593	441,737	10,966,247	12,212,577
Contractual	355,765	35,890	1,084,908	1,476,563
Wages and benefits	148,906	-	-	148,906
Other	58,736	12,348	-	71,084
Rental	5,114	-	-	5,114
Supplies	809	-	-	809
Claims reserve adjustment	113,028	(510,645)	(71,000)	(468,617)
Total operating expenses	<u>1,486,951</u>	<u>(20,670)</u>	<u>11,980,155</u>	<u>13,446,436</u>
Operating income (loss)	<u>(863,206)</u>	<u>439,975</u>	<u>297,402</u>	<u>(125,829)</u>
<b>Nonoperating revenues:</b>				
Interest	1,940	5,742	-	7,682
Total nonoperating revenue	<u>1,940</u>	<u>5,742</u>	<u>-</u>	<u>7,682</u>
Income (loss) before contributions and transfers	(861,266)	445,717	297,402	(118,147)
Transfers in	350,000	528,709	-	878,709
Change in net position	<u>(511,266)</u>	<u>974,426</u>	<u>297,402</u>	<u>760,562</u>
<b>Total net position-beginning of year</b>	<u>(532,161)</u>	<u>(604,935)</u>	<u>3,596,520</u>	<u>2,459,424</u>
<b>Total net position-end of year</b>	<u>\$ (1,043,427)</u>	<u>\$ 369,491</u>	<u>\$ 3,893,922</u>	<u>\$ 3,219,986</u>

**Lancaster County, Nebraska**  
Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended June 30, 2015

	<b>Workers' Compensation</b>	<b>Other Self Insurance Loss</b>	<b>Group Insurance</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>				
Cash received for services	\$ 622,765	\$ 376,891	\$ 12,277,554	\$ 13,277,210
Cash received from insurance companies	980	42,414	3	43,397
Cash payments for claims	(1,395,799)	(577,893)	(11,913,751)	(13,887,443)
Net cash flow from operating activities	(772,054)	(158,588)	363,806	(566,836)
<b>Cash flows from non-capital financing activities:</b>				
Transfers from other funds	350,000	528,709	-	878,709
Net cash flow from non-capital financing activities	350,000	528,709	-	878,709
<b>Cash flows from investing activities:</b>				
Interest on investments	1,940	5,742	-	7,682
Net cash flow from investing activities	1,940	5,742	-	7,682
Change in cash and cash equivalents	(420,114)	375,863	363,806	319,555
<b>Cash and cash equivalents-beginning of the year</b>	477,771	937,817	4,506,641	5,922,229
<b>Cash and cash equivalents-end of the year</b>	<u>\$ 57,657</u>	<u>\$ 1,313,680</u>	<u>\$ 4,870,447</u>	<u>\$ 6,241,784</u>

**Reconciliation of operating income (loss) to net cash flow from operating activities:**

Operating income (loss)	\$ (863,206)	\$ 439,975	\$ 297,402	\$ (125,829)
Adjustments to reconcile operating income (loss) to net cash flow from operating activities:				
Change in accounts receivable	-	-	(13,415)	(13,415)
Change in interest receivable	232	(31)	-	201
Change in accrued liabilities	(22,108)	(87,887)	150,819	40,824
Change in claims payable	113,028	(510,645)	(71,000)	(468,617)
Net cash flow from operating activities	<u>\$ (772,054)</u>	<u>\$ (158,588)</u>	<u>\$ 363,806</u>	<u>\$ (566,836)</u>

**Lancaster County, Nebraska**  
Combining Statement of Fiduciary Net Position  
Employee Benefit Trust Funds  
June 30, 2015

	<b>Pension Trust Fund</b>	<b>OPEB Trust Fund</b>	<b>Total</b>
<b>Assets:</b>			
Investments:			
Cash management fund	\$ -	\$ 140,860	\$ 140,860
Stable value fund	39,485,442	-	39,485,442
Mutual funds - domestic equities	50,255,943	377,129	50,633,072
Mutual funds - international equities	19,878,869	50,427	19,929,296
Mutual funds - balanced funds	3,240,554	5,767,373	9,007,927
Other fixed income	12,062,684	20,680	12,083,364
Employee contributions receivable	90,835	-	90,835
Employer contributions receivable	131,652	-	131,652
Total assets	<u>125,145,979</u>	<u>6,356,469</u>	<u>131,502,448</u>
<b>Liabilities:</b>			
Due to others	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net position:</b>			
Held in trust for employee benefits	<u>125,145,979</u>	<u>6,356,469</u>	<u>131,502,448</u>
Total net position	<u>\$ 125,145,979</u>	<u>\$ 6,356,469</u>	<u>\$ 131,502,448</u>

**Lancaster County, Nebraska**  
Combining Statement of Changes in Fiduciary Net Position  
Employee Benefit Trust Funds  
Year Ended June 30, 2015

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total</u>
<b>Additions:</b>			
Contributions:			
Employee	\$ 2,329,823	\$ -	\$ 2,329,823
Employer	3,406,251	658,414	4,064,665
Forfeitures	49,906	-	49,906
Rollovers	231,342	-	231,342
Total contributions	<u>6,017,322</u>	<u>658,414</u>	<u>6,675,736</u>
Investment income:			
Net appreciation in fair value of investments	89,180	68,063	157,243
Dividends and interest	3,514,794	-	3,514,794
Miscellaneous	<u>(30,652)</u>	<u>(45,259)</u>	<u>(75,911)</u>
Total net investment income	<u>3,573,322</u>	<u>22,804</u>	<u>3,596,126</u>
Total additions	<u>9,590,644</u>	<u>681,218</u>	<u>10,271,862</u>
<b>Deductions:</b>			
Benefits paid	7,999,655	364,745	8,364,400
Forfeitures	<u>184,562</u>	<u>-</u>	<u>184,562</u>
Total deductions	<u>8,184,217</u>	<u>364,745</u>	<u>8,548,962</u>
Change in net position	1,406,427	316,473	1,722,900
<b>Net position - beginning of year</b>	<u>123,739,552</u>	<u>6,039,996</u>	<u>129,779,548</u>
<b>Net position - end of year</b>	<u>\$ 125,145,979</u>	<u>\$ 6,356,469</u>	<u>\$ 131,502,448</u>

**Lancaster County, Nebraska**  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2015

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Assessor/ Register of Deeds</u>				
<b>Assets</b>				
Cash, including investments	\$ 210,763	\$ 4,789,303	\$ 4,692,011	\$ 308,055
Total assets	<u>\$ 210,763</u>	<u>\$ 4,789,303</u>	<u>\$ 4,692,011</u>	<u>\$ 308,055</u>
<b>Liabilities</b>				
Due to others	\$ 210,763	\$ 4,789,303	\$ 4,692,011	\$ 308,055
Total liabilities	<u>\$ 210,763</u>	<u>\$ 4,789,303</u>	<u>\$ 4,692,011</u>	<u>\$ 308,055</u>
<u>Community Corrections</u>				
<b>Assets</b>				
Cash, including investments	\$ 4,824	\$ 336,367	\$ 335,629	\$ 5,562
Total assets	<u>\$ 4,824</u>	<u>\$ 336,367</u>	<u>\$ 335,629</u>	<u>\$ 5,562</u>
<b>Liabilities</b>				
Due to others	\$ 4,824	\$ 336,367	\$ 335,629	\$ 5,562
Total liabilities	<u>\$ 4,824</u>	<u>\$ 336,367</u>	<u>\$ 335,629</u>	<u>\$ 5,562</u>
<u>Extension Board</u>				
<b>Assets</b>				
Cash, including investments	\$ 154,494	\$ 51,713	\$ 47,837	\$ 158,370
Total assets	<u>\$ 154,494</u>	<u>\$ 51,713</u>	<u>\$ 47,837</u>	<u>\$ 158,370</u>
<b>Liabilities</b>				
Due to others	\$ 154,494	\$ 51,713	\$ 47,837	\$ 158,370
Total liabilities	<u>\$ 154,494</u>	<u>\$ 51,713</u>	<u>\$ 47,837</u>	<u>\$ 158,370</u>
<u>Public Building Commission</u>				
<b>Assets</b>				
Cash, including investments	\$ 3,752,952	\$ 38,987,580	\$ 40,640,110	\$ 2,100,422
Total assets	<u>\$ 3,752,952</u>	<u>\$ 38,987,580</u>	<u>\$ 40,640,110</u>	<u>\$ 2,100,422</u>
<b>Liabilities</b>				
Due to others	\$ 3,752,952	\$ 38,987,580	\$ 40,640,110	\$ 2,100,422
Total liabilities	<u>\$ 3,752,952</u>	<u>\$ 38,987,580</u>	<u>\$ 40,640,110</u>	<u>\$ 2,100,422</u>

**Lancaster County, Nebraska**  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2015

	Beginning Balance	Additions	Deductions	Ending Balance
<b>Railroad Transportation Safety District</b>				
<b>Assets</b>				
Cash, including investments	\$ 12,310,212	\$ 2,845,881	\$ 1,062,043	\$ 14,094,050
Total assets	<u>\$ 12,310,212</u>	<u>\$ 2,845,881</u>	<u>\$ 1,062,043</u>	<u>\$ 14,094,050</u>
<b>Liabilities</b>				
Due to others	\$ 12,310,212	\$ 2,845,881	\$ 1,062,043	\$ 14,094,050
Total liabilities	<u>\$ 12,310,212</u>	<u>\$ 2,845,881</u>	<u>\$ 1,062,043</u>	<u>\$ 14,094,050</u>
<b>Flexible Employee Benefits Account (FEBA)</b>				
<b>Assets</b>				
Cash, including investments	\$ 18,054	\$ 443,239	\$ 456,198	\$ 5,095
Total assets	<u>\$ 18,054</u>	<u>\$ 443,239</u>	<u>\$ 456,198</u>	<u>\$ 5,095</u>
<b>Liabilities</b>				
Due to others	\$ 18,054	\$ 443,239	\$ 456,198	\$ 5,095
Total liabilities	<u>\$ 18,054</u>	<u>\$ 443,239</u>	<u>\$ 456,198</u>	<u>\$ 5,095</u>
<b>Tax collection and distribution accounts</b>				
<b>Assets</b>				
Cash, including investments	\$ 15,193,627	\$ 1,126,700,381	\$ 1,126,020,415	\$ 15,873,593
Total assets	<u>\$ 15,193,627</u>	<u>\$ 1,126,700,381</u>	<u>\$ 1,126,020,415</u>	<u>\$ 15,873,593</u>
<b>Liabilities</b>				
Due to others	\$ 15,193,627	\$ 1,126,700,381	\$ 1,126,020,415	\$ 15,873,593
Total liabilities	<u>\$ 15,193,627</u>	<u>\$ 1,126,700,381</u>	<u>\$ 1,126,020,415</u>	<u>\$ 15,873,593</u>
<b>Clerk of the District Court Trust</b>				
<b>Assets</b>				
Cash, including investments	\$ 2,869,571	\$ 11,052,839	\$ 11,601,729	\$ 2,320,681
Total assets	<u>\$ 2,869,571</u>	<u>\$ 11,052,839</u>	<u>\$ 11,601,729</u>	<u>\$ 2,320,681</u>
<b>Liabilities</b>				
Due to others	\$ 2,869,571	\$ 11,052,839	\$ 11,601,729	\$ 2,320,681
Total liabilities	<u>\$ 2,869,571</u>	<u>\$ 11,052,839</u>	<u>\$ 11,601,729</u>	<u>\$ 2,320,681</u>

**Lancaster County, Nebraska**  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2015

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Sheriff - Attorney Trust Account</u>				
<b>Assets</b>				
Cash, including investments	\$ 48,553	\$ 27,309	\$ 26,813	\$ 49,049
Total assets	<u>\$ 48,553</u>	<u>\$ 27,309</u>	<u>\$ 26,813</u>	<u>\$ 49,049</u>
<b>Liabilities</b>				
Due to others	\$ 48,553	\$ 27,309	\$ 26,813	\$ 49,049
Total liabilities	<u>\$ 48,553</u>	<u>\$ 27,309</u>	<u>\$ 26,813</u>	<u>\$ 49,049</u>
<u>Corrections - Inmate/Commissary</u>				
<b>Assets</b>				
Cash, including investments	\$ 172,772	\$ 4,074,313	\$ 4,096,745	\$ 150,340
Total assets	<u>\$ 172,772</u>	<u>\$ 4,074,313</u>	<u>\$ 4,096,745</u>	<u>\$ 150,340</u>
<b>Liabilities</b>				
Due to others	\$ 172,772	\$ 4,074,313	\$ 4,096,745	\$ 150,340
Total liabilities	<u>\$ 172,772</u>	<u>\$ 4,074,313</u>	<u>\$ 4,096,745</u>	<u>\$ 150,340</u>
<u>Youth Services Center - Resident</u>				
<b>Assets</b>				
Cash, including investments	\$ (287)	\$ 10,602	\$ 10,624	\$ (309)
Total assets	<u>\$ (287)</u>	<u>\$ 10,602</u>	<u>\$ 10,624</u>	<u>\$ (309)</u>
<b>Liabilities</b>				
Due to others	\$ (287)	\$ 10,602	\$ 10,624	\$ (309)
Total liabilities	<u>\$ (287)</u>	<u>\$ 10,602</u>	<u>\$ 10,624</u>	<u>\$ (309)</u>
<u>Total - all agency funds</u>				
<b>Assets</b>				
Cash, including investments	\$ 34,735,535	\$ 1,189,319,527	\$ 1,188,990,154	\$ 35,064,908
Total assets	<u>\$ 34,735,535</u>	<u>\$ 1,189,319,527</u>	<u>\$ 1,188,990,154</u>	<u>\$ 35,064,908</u>
<b>Liabilities</b>				
Due to others	\$ 34,735,535	\$ 1,189,319,527	\$ 1,188,990,154	\$ 35,064,908
Total liabilities	<u>\$ 34,735,535</u>	<u>\$ 1,189,319,527</u>	<u>\$ 1,188,990,154</u>	<u>\$ 35,064,908</u>

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*

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
**Lancaster County, Nebraska**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lancaster County, Nebraska (the County), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 27, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) 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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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*.

### **Purpose of this Report**

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

*Allen, Gibbs & Houlik, L.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

January 27, 2016  
Wichita, Kansas

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT  
ON INTERNAL CONTROL OVER COMPLIANCE

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
**Lancaster County, Nebraska**

**Report on Compliance for Each Major Federal Program**

We have audited Lancaster County, Nebraska's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2015. The 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 requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 the 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 the County's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the 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, 2015.

**Report on Internal Control Over Compliance**

Management of the 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 the 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 OMB Circular A-133, 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 the 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 internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Allen, Gibbs & Houlik, L.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

January 27, 2016  
Wichita, Kansas

LANCASTER COUNTY, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2015

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weaknesses identified?        Yes   X   No
- Significant deficiencies identified?        Yes   X   None reported
- Noncompliance material to financial statements noted?        Yes   X   No

FEDERAL AWARDS

Internal control over federal major programs:

- Material weaknesses identified?        Yes   X   No
- Significant deficiencies identified?        Yes   X   None reported

Identification of major federal programs, and type of auditor's report issued on compliance for major programs:

<u>CFDA Number</u>	<u>NAME OF FEDERAL PROGRAM</u>	<u>OPINION</u>
93.563	Child Support Enforcement	Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?

       Yes   X   No

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

\$ 300,000

Auditee qualified as low-risk auditee?

  X   Yes        No

**LANCASTER COUNTY, NEBRASKA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2015  
(CONTINUED)**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

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No matters were reported

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**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

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No matters were reported

**LANCASTER COUNTY, NEBRASKA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED JUNE 30, 2015**

<u>Fiscal Year</u>	<u>Finding Number</u>	<u>Finding</u>	<u>CFDA Number</u>	<u>Comments</u>
2014	2014-003	Requests for reimbursement of expenses are prepared, signed, and submitted by the same person.	20.205	The County Engineer's office now has a secondary review of reimbursement requests by another engineer.

# LANCASTER COUNTY, NEBRASKA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>Department of Agriculture Pass-Through Programs:</b>			
State of Nebraska Health and Human Services			
Food Distribution Program - Detention Center	10.550	47600648201	\$ 290
Nebraska Department of Education			
School Breakfast Program - Detention Center	1 10.553	550905	6,394
National School Lunch Program - Detention Center	1 10.555	550905	78,496
<b>Total Department of Agriculture</b>			85,180
<b>Department of the Interior:</b>			
Payments in Lieu of Taxes - U.S. Entitlement Lands	15.226		17,465
<b>Total Department of the Interior</b>			17,465
<b>Department of Justice Direct Programs:</b>			
BJA - Drug Court Discretionary Grant	16.585		48,957
OVW - Grants to Encourage Arrest Policies & Enforcement of Protection	16.590		54,141
BJA - State Criminal Alien Assistance Program (SCAAP)	16.606		26,216
BJA - Second Chance Act Prisoner Reentry Initiative	16.812		435,996
<i>Subtotal Department of Justice Direct Programs</i>			565,310
<b>Department of Justice Pass-Through Programs:</b>			
Nebraska Commission on Law Enforcement and Criminal Justice			
Juvenile Accountability Incentive Block Grants	16.523	13-JA-604	19,254
Juvenile Justice and Delinquency Prevention - Title II	16.540	13-JJ-05, -06	56,528
Violence Against Women Formula Grants	16.588	13-VW-702	179,026
<i>Subtotal Department of Justice Pass-Through Programs</i>			254,808
<b>Total Department of Justice</b>			820,118
<b>Department of Transportation Pass-Through Programs:</b>			
Nebraska Office of Highway Safety			
FHA - Highway Planning & Construction	20.205	HSIP-26-53, HSIP-29-43, HSIP-1-30, HSIP-34-49	19,731
National Priority Safety Programs	20.616	405d-14-04-07, 405d-14-05- 12, 402d-15-02-45	11,154
<b>Total Department of Transportation</b>			30,885
<b>Department of Health and Human Services Direct Programs:</b>			
Substance Abuse and Mental Health Services Administration -			
Enhancing Adult Drug Court Services	93.243		76,602
<i>Subtotal Department of Health and Human Services Direct Programs</i>			76,602
<b>Department of Health and Human Services Pass-Through Programs:</b>			
Nebraska Department of Health and Human Services			
ACF - Promoting Safe and Stable Families	93.556	C-14-0041	104,500
<i>Subtotal State of Nebraska Department of Health and Human Services</i>			104,500
Nebraska Department of Social Services			
ACF- Child Support Enforcement, County Attorney	93.563	0G1404NE4005	1,157,806
ACF- Child Support Enforcement, Clerk of District Court	93.563	0G1404NE4005	312,777
ACF- Child Support Enforcement, Bailiff District Court	93.563	0G1404NE4005	211,591
<i>Subtotal State of Nebraska Department of Social Services</i>			1,682,174
<i>Subtotal of Department of Health and Human Services Pass-Through Programs</i>			1,786,674
<b>Total Department of Health and Human Services</b>			1,863,276
<b>Department of Homeland Security Pass-Through Programs:</b>			
State of Nebraska Emergency Management Agency			
Emergency Management Performance Grant	97.042	EMW-2013-EP-11, EMW-2014-EP-49	167,840
State Homeland Security Program	97.067	2011-SS-17, 2012-SS-26, 2013-SS-10, 2014-SS-54	252,860
<b>Total Department of Homeland Security</b>			420,700
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 3,237,624

1 - Child Nutrition Cluster

The accompanying notes are an  
integral part of this schedule

**LANCASTER COUNTY, NEBRASKA**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2015**

**NOTE A - BASIS OF PRESENTATION**

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

**NOTE B - SUBRECIPIENTS**

Of the federal expenditures presented in the schedule, the County provided federal awards to subrecipients as follows for the year ended June 30, 2015:

<u>Grant Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Juvenile Justice and Delinquency Prevention - Title II	16.540	\$ 56,528
Violence Against Women Formula Grants	16.588	99,907
Grants to Encourage Arrest Policies & Enforcement of Protection Orders	16.590	48,232