

LANCASTER COUNTY, NEBRASKA

FINANCIAL STATEMENTS

WITH

SUPPLEMENTARY INFORMATION

AND

INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2016



LANCASTER COUNTY, NEBRASKA
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LANCASTER COUNTY, NEBRASKA
 FINANCIAL STATEMENTS
 WITH SUPPLEMENTARY INFORMATION
 Year Ended June 30, 2016

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LANCASTER COUNTY, NEBRASKA
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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, 2016, 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, 2016, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, in 2016, the County adopted GASB Statement No. 72, *Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

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.

Other 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 Title 2, *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) 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 February 7, 2017 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

February 7, 2017
Wichita, KS

Lancaster County, Nebraska

Statement of Net Position

June 30, 2016

	Governmental Activities
Assets:	
Cash, including investments	\$ 54,736,810
Taxes receivable	27,012,342
Due from other governmental agencies	2,991,969
Accounts receivable	733,301
Interest receivable	11,288
Patient and insurance receivable, net of allowance for doubtful accounts of \$729,970	134,138
Capital assets:	
Land and construction in progress	20,405,649
Other capital assets, net of depreciation	172,675,152
Total assets	<u>278,700,649</u>
Liabilities:	
Accounts payable	3,838,761
Accrued salaries	1,308,965
Advance payable	14,463
Accrued interest payable	172,014
Claims liability	2,437,402
Long-term liabilities:	
Due within one year	9,068,466
Due in more than one year	61,946,441
Total liabilities	<u>78,786,512</u>
Deferred inflows of resources:	
Deferred amounts on refunding	1,840,607
Total deferred inflows of resources	<u>1,840,607</u>
Net position:	
Net investment in capital assets	128,892,895
Restricted for:	
Visitor improvement	3,233,761
Rural library services	296,919
Building, land and road maintenance	1,953,683
Drug education	3,006,696
Economic development	355,226
Debt service	4,955,414
Minor equipment	822,180
Jail construction	194,227
Unrestricted	54,362,529
Total net position	<u>\$ 198,073,530</u>

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

Lancaster County, Nebraska

Statement of Activities

Year Ended June 30, 2016

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
Governmental activities:					
General government	\$ 18,700,092	\$ 13,372,962	\$ 1,638,120	\$ -	\$ (3,689,010)
Public safety	63,934,539	-	3,342,574	-	(60,591,965)
Community development	1,093	-	-	-	(1,093)
Public works	17,252,765	5,255,455	9,894,112	6,274,930	4,171,732
Public health and human services	11,901,530	1,352,046	4,940,683	-	(5,608,801)
Culture and recreation	3,977,778	-	-	-	(3,977,778)
Joint public agency services	3,104,282	-	-	-	(3,104,282)
Interest on long-term debt	2,269,796	3,500	-	-	(2,266,296)
Total primary government	\$ 121,141,875	\$ 19,983,963	\$ 19,815,489	\$ 6,274,930	(75,067,493)
General revenues:					
Taxes:					
Property tax					64,065,390
Inheritance tax					6,379,733
Motor vehicle tax					8,165,324
Lodging tax					3,279,418
In-lieu-of tax					1,864,838
Other:					
Miscellaneous					2,151,832
Intergovernmental					5,782,596
Investment income					270,666
Total general revenues					91,959,797
Change in net position					16,892,304
Net position-beginning					181,181,226
Net position-ending					\$ 198,073,530

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

Lancaster County, Nebraska

Balance Sheet Governmental Funds June 30, 2016

	General	Capital Project Highway Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Cash, including investments	\$ 15,550,197	\$ 7,674,391	\$ 20,899,195	\$ 44,123,783
Taxes receivable	24,706,386	-	2,305,956	27,012,342
Due from other government agencies	931,727	1,143,497	916,745	2,991,969
Accounts receivable	575,978	3,767	141,765	721,510
Interest receivable	2,878	3,462	3,360	9,700
Patient and insurance receivables, net of allowance for doubtful accounts of \$729,970	-	-	134,138	134,138
Total assets	\$ 41,767,166	\$ 8,825,117	\$ 24,401,159	\$ 74,993,442
Liabilities:				
Accounts payable	\$ 2,475,809	\$ 228,563	\$ 976,313	\$ 3,680,685
Accrued salaries	1,097,632	44,691	163,671	1,305,994
Advance payable	-	-	14,463	14,463
Total liabilities	3,573,441	273,254	1,154,447	5,001,142
Deferred inflows of resources:				
Unavailable revenue - property tax receivable	1,469,717	-	138,077	1,607,794
Total deferred inflows of resources	1,469,717	-	138,077	1,607,794
Fund balances:				
Restricted for:				
Visitor improvement	-	-	3,233,761	3,233,761
Rural library services	-	-	296,919	296,919
Building, land and road maintenance	-	-	1,953,683	1,953,683
Drug education	-	-	3,006,696	3,006,696
Economic development	-	-	355,226	355,226
Debt service	-	-	4,955,414	4,955,414
Minor equipment	-	-	822,180	822,180
Jail construction	-	-	194,227	194,227
Committed for:				
Community betterment	-	-	1,370,032	1,370,032
Building maintenance	-	-	794,354	794,354
Public safety	14,752	-	-	14,752
Public works	52,787	-	-	52,787
General government	47,142	-	-	47,142
Building, land and road maintenance	-	-	4,227,331	4,227,331
Assigned for:				
Veterans aid	13,605	-	-	13,605
Public health and human services	-	-	437,448	437,448
Building, land and road maintenance	-	8,551,863	1,461,364	10,013,227
Unassigned	36,595,722	-	-	36,595,722
Total fund balances	36,724,008	8,551,863	23,108,635	68,384,506
Total liabilities, deferred inflows of resources and fund balances	\$ 41,767,166	\$ 8,825,117	\$ 24,401,159	\$ 74,993,442

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, 2016

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

Total fund balance - governmental funds		\$ 68,384,506
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	\$ 294,878,993	
Accumulated depreciation	<u>(101,798,192)</u>	193,080,801
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.		
		7,971,257
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.		
		1,607,794
Deferred refunding resulting from issuance of refunding bonds is recognized as deferred outflows of resources in the government-wide statements		
		(1,840,607)
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	(46,680,000)	
Premium on bonds	(694,900)	
Capital lease obligations	(16,813,006)	
Compensated absences	(6,770,301)	
Accrued interest payable	<u>(172,014)</u>	<u>(71,130,221)</u>
Total net position - governmental activities		<u>\$ 198,073,530</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, 2016

	General	Capital Project Highway Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 75,050,762	\$ -	\$ 8,730,728	\$ 83,781,490
Charges for services	13,899,544	16,357	4,270,785	18,186,686
Intergovernmental	11,719,269	8,468,832	5,425,178	25,613,279
Medicaid/Medicare/MRO Reimbursements	-	-	548,663	548,663
License, fees and rental income	59,228	3,960	1,473,556	1,536,744
Interest income	200,926	19,316	41,381	261,623
Other	155,516	91,390	1,881,694	2,128,600
Total revenues	101,085,245	8,599,855	22,371,985	132,057,085
Expenditures:				
Current:				
General government	14,640,098	-	5,353,674	19,993,772
Public safety	61,591,413	-	2,139,048	63,730,461
Community development	-	-	1,093	1,093
Public works	3,924,019	5,526,277	3,405,655	12,855,951
Public health and human services	7,864,176	-	4,091,668	11,955,844
Culture and recreation	-	-	3,977,778	3,977,778
Capital outlay	7,031,783	1,941,944	3,516,785	12,490,512
Debt service:				
Principal	1,141,995	-	3,303,005	4,445,000
Interest	359,299	-	2,153,112	2,512,411
Total expenditures	96,552,783	7,468,221	27,941,818	131,962,822
Excess (deficiency) of revenues over (under) expenditures	4,532,462	1,131,634	(5,569,833)	94,263
Other financing sources (uses):				
Issuance of capital lease	6,175,506	-	-	6,175,506
Sale of capital assets	7,029	51,112	17,849	75,990
Transfers in	1,270,186	3,872,265	5,205,556	10,348,007
Transfers out	(11,081,871)	-	(1,270,186)	(12,352,057)
Total other financing sources (uses)	(3,629,150)	3,923,377	3,953,219	4,247,446
Net change in fund balances	903,312	5,055,011	(1,616,614)	4,341,709
Fund balances at beginning of year	35,820,696	3,496,852	24,725,249	64,042,797
Prior period adjustment	-	-	-	-
Fund balances at end of year	\$ 36,724,008	\$ 8,551,863	\$ 23,108,635	\$ 68,384,506

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, 2016

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

Net change in fund balances - total governmental funds	\$	4,341,709
<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		(7,194,547)
Capital assets capitalized		11,022,713
		3,828,166
<p>Contributions of capital assets are reported as capital contributions in the statement of activities.</p>		
		6,274,930
<p>In the statement of activities, the gain or loss from the disposal of capital assets is reported, whereas in the governmental funds, only 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>		
		(1,087,563)
<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>		
		(28,345)
<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>		
		(6,175,506)
<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, whereas these amounts are recorded when debt is first issued and therefore are not reported as expenditures in the governmental funds.</p>		
		235,916
<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		2,725,000
Capital lease		1,720,000
		4,445,000
<p>In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.</p>		
		6,699
<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 more than benefits earned		300,027
<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>		
		4,751,271
Change in net position of governmental activities	\$	16,892,304

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

Lancaster County, Nebraska

Statement of Net Position

Proprietary Funds

June 30, 2016

	Internal Service Funds
Assets:	
Current assets:	
Cash, including investments	\$ 10,613,027
Accounts receivable	11,791
Interest receivable	1,588
Total current assets	<u>10,626,406</u>
Liabilities:	
Current liabilities:	
Accounts payable	158,074
Claims payable	2,437,402
Accrued salaries	2,972
Current portion - accrued compensated absences	8,000
Total current liabilities	<u>2,606,448</u>
Noncurrent liabilities:	
Long-term accrued compensated absences	<u>48,701</u>
Total liabilities	<u>2,655,149</u>
Net position:	
Unrestricted	<u><u>\$ 7,971,257</u></u>

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, 2016

	Internal Service Funds
Operating revenues:	
Charges for services	\$ 14,101,206
Other insurance reimbursements	22,675
Total operating revenues	14,123,881
Operating expenses:	
Insurance	9,810,009
Contractual	1,497,002
Wages and benefits	150,542
Other	115,757
Rental	5,114
Supplies	368
Claims reserve adjustment	(193,089)
Total operating expenses	11,385,703
Operating income	2,738,178
Nonoperating revenues:	
Interest	9,043
Total nonoperating revenues	9,043
Income (loss) before contributions and transfers	2,747,221
Transfers in	2,004,050
Change in net position	4,751,271
Total net position-beginning of year	3,219,986
Total net position-end of year	\$ 7,971,257

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, 2016

	Internal Service Funds
Cash flows from operating activities:	
Cash received from services	\$ 14,101,206
Cash received from insurance companies	22,675
Cash payments for claims	<u>(11,765,731)</u>
Net cash flow from operating activities	<u>2,358,150</u>
Cash flows from non-capital financing activities:	
Transfers from other funds	<u>2,004,050</u>
Net cash flow from non-capital financing activities	<u>2,004,050</u>
Cash flows from investing activities:	
Interest on investments	<u>9,043</u>
Net cash flow from investing activities	<u>9,043</u>
Change in cash and cash equivalents	4,371,243
Cash and cash equivalents-beginning of the year	<u>6,241,784</u>
Cash and cash equivalents-end of the year	<u><u>\$ 10,613,027</u></u>
Reconciliation of operating income to net cash flow from operating activities:	
Operating income	\$ 2,738,178
Adjustments to reconcile operating income to net cash flow from operating activities:	
Change in accounts receivable	1,624
Change in interest receivable	(1,099)
Change in accrued liabilities	(109,335)
Change in claims payable	<u>(271,218)</u>
Net cash flow from operating activities	<u><u>\$ 2,358,150</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, 2016

	Employee Benefit Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ -	\$ 50,083,949
Investments:		
Cash management fund	145,750	-
Stable value fund	39,844,430	-
Mutual funds - domestic equities	48,801,891	-
Mutual funds - international equities	19,133,135	-
Mutual funds - balanced funds	8,992,326	-
Other fixed income	12,222,180	-
Employee contributions receivable	95,000	-
Employer contributions receivable	134,448	-
	<u>129,369,160</u>	<u>50,083,949</u>
Total assets		
Liabilities:		
Due to others	-	50,083,949
	<u>-</u>	<u>50,083,949</u>
Total liabilities		
Net position:		
Held in trust for pension and other postemployment benefits	<u>129,369,160</u>	-
Total net position	<u>\$ 129,369,160</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, 2016

	<u>Employee Benefit Trust Funds</u>
Additions:	
Contributions:	
Employee	\$ 2,535,714
Employer	4,403,344
Forfeitures	89,873
Rollovers	354,834
Total contributions	<u>7,383,765</u>
Investment income:	
Net appreciation in fair value of investments	(4,350,587)
Dividends and interest	2,927,049
Miscellaneous	(54,630)
Total net investment income	<u>(1,478,168)</u>
Total additions	<u>5,905,597</u>
Deductions:	
Benefits paid	7,826,703
Forfeitures	212,182
Total deductions	<u>8,038,885</u>
Change in net position	(2,133,288)
Net position - beginning of year	<u>131,502,448</u>
Net position - end of year	<u><u>\$ 129,369,160</u></u>

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 10th 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 "0" 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 84th 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

Effective July 1, 2015 the County implemented GASB statement number 72, Fair Value Measurement and Application. This statement is designed to enhance comparability of financial statements among governments by requiring consistent definitions of fair value accepted valuation techniques in the measurement of fair value. It also provides additional disclosure to provide information about the impact of fair value measurements on financial position.

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.

LANCASTER COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date.

Accounting guidance establishes a consistent framework for measuring fair value and establishes a fair value hierarchy based on the observability of inputs used to measure fair value. These different levels of valuation hierarchy are described as follows:

Level 1 - Quoted prices in active markets for identical assets and liabilities

Level 2 - Quoted prices for similar assets or liabilities in active markets or inputs other than quoted prices that are observable.

Level 3 - Significant unobservable prices or inputs.

An investment’s categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

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 Mental Health Crisis 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.

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.

LANCASTER COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

LANCASTER COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

LANCASTER COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2016.

Also, \$.05 of the \$0.50 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.

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.

LANCASTER COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2016, the bank balance of the County's pooled cash deposits, including certificates of deposit, amounted to \$42,612,253. All deposit balances were covered by FDIC insurance, or pledged collateral held by the County's agent in the County's name.

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, 2016, the County held the following investments:

Investment Type	Maturities	Fair Value
Insured Sweep Accounts	N/A	\$ 44,159,144
Money markets	N/A	15,715,095
Total investments		<u>\$ 59,874,239</u>

LANCASTER COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

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, 2016 appear in the financial statements as summarized below:

Carrying amount of deposits	\$ 44,945,570
Carrying amount of investments	59,874,239
Total	<u>\$ 104,819,809</u>
Cash, including investments - governmental funds balance sheet	\$ 44,123,783
Cash, including investments - internal service funds, statement of net position	<u>10,613,027</u>
Cash, including investments - governmental activities, statement of net position	54,736,810
Cash, including investments - agency funds	50,084,949
Petty Cash	(1,950)
Total	<u>\$ 104,819,809</u>

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.

LANCASTER COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

At June 30, 2016, the investments in the employees' retirement system were as follows:

Investment Type	Fair Value	Concentration
Stable value fund (fixed income)	\$ 39,844,430	32.56%
Fixed income	9,280,665	7.58%
Mutual funds - domestic equities	48,464,108	39.61%
Mutual funds - international equities	19,091,698	15.60%
Mutual funds - balanced funds	2,771,902	2.27%
Variable annuity	2,916,642	2.38%
Total	\$ 122,369,445	100%

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, 2016, 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, 2016, the fixed income funds of the plan had effective durations of 6.0 years and 5.33 years.

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, 2016, 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.

Investments. The County invests in various investment securities. Investment securities are exposed to various risks such as interest rate risk and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the County's financial position. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

LANCASTER COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

The Pension Trust invests in various investment securities. Investment securities are exposed to various risks such as interest rate and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonable possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the trust's financial position. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

	2016		
	Level 1	Level 2	Level 3
Domestic stock	\$ 43,740,258	\$ 4,723,850	\$ --
International Stock	19,091,698	--	--
Balanced Funds	2,771,902	--	--
Variable Annuity	--	2,916,642	--
Fixed Income	--	9,280,665	--
Stable Value Fund	--	--	39,844,430
	\$ 65,603,858	\$ 16,921,157	\$ 39,844,430

Fair Value Measurement. The following is a description of the valuation methodologies used for assets measured at fair value in the tables above. There have been no changes in the methodologies used at June 30, 2016.

An investment's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Debt and equity securities classified in Level 1 are value using prices quoted in active markets for those securities.

Debt and equity securities classified as Level 2 are value used the following approaches:

- Domestic stock: quoted prices for similar securities in active markets;
- Variable annuity: quoted prices for identical securities in underlying funds with the bond, stock ,and non-traditional weightings determined by the Glidepath;
- Fixed income: quoted prices for identical securities in markets that are not active.

Debt and equity securities classified in Level 3 are valued using discounted cash flows using risk-adjusted discount rates, with 2.2187% based on corporate credit adjusted for liquidity.

LANCASTER COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

3. CAPITAL ASSETS

The changes in capital assets designated for the operation of the County for the year ended June 30, 2016 are as follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Non-depreciable assets:				
Land	\$ 10,846,646	\$ 292,558	\$ --	\$ 11,139,204
Construction in progress	2,517,633	7,935,455	1,186,643	9,266,445
	<u>13,364,279</u>	<u>8,228,013</u>	<u>1,186,643</u>	<u>20,405,649</u>
Depreciable capital assets:				
Land improvements	2,447,899	--	--	2,447,899
Buildings	131,566,274	4,869,288	--	136,435,562
Machinery and Equipment	16,711,024	1,078,180	112,333	17,676,871
Vehicles	9,104,263	933,857	760,957	9,277,163
Infrastructure	106,357,153	3,374,948	1,096,252	108,635,849
	<u>266,186,613</u>	<u>10,256,273</u>	<u>1,969,542</u>	<u>274,473,344</u>
Accumulated depreciation:				
Land improvements	1,716,276	105,101	--	1,821,377
Buildings	27,974,795	2,683,288	--	30,658,083
Machinery and Equipment	8,505,518	1,337,106	92,806	9,749,818
Vehicles	6,517,802	659,045	737,761	6,439,086
Infrastructure	50,771,229	2,410,007	51,408	53,129,828
	<u>95,485,620</u>	<u>7,194,547</u>	<u>881,975</u>	<u>101,798,192</u>
Depreciable capital assets, net	<u>170,700,993</u>	<u>3,061,726</u>	<u>1,087,567</u>	<u>172,675,152</u>
Total capital assets	<u>\$ 184,065,272</u>	<u>\$ 11,289,739</u>	<u>\$ 2,274,210</u>	<u>\$ 193,080,801</u>

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

Governmental Activities:	
General Government	\$ 293,090
Public Safety	1,774,931
Public Works	3,137,202
Public Health and Human Services	101,394
Community Development, Culture, Other	6,175
Joint Public Agency Services	1,881,755
Total Depreciation Expense	<u>\$ 7,194,547</u>

LANCASTER COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

4. LONG-TERM LIABILITIES

Changes in long-term obligations for the year ended June 30, 2016 were as follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	Due within one year
Bonds payable - JPA	\$ 49,405,000	\$ --	\$ 2,725,000	\$ 46,680,000	\$ 2,805,000
Premiums	751,244	--	56,344	694,900	--
	<u>50,156,244</u>	<u>--</u>	<u>2,781,344</u>	<u>47,374,900</u>	<u>2,805,000</u>
Capital leases payable:					
Public Building Commission	12,262,500	6,175,506	1,625,000	16,813,006	1,597,500
City of Lincoln VOIP	95,000	--	95,000	--	--
	<u>12,357,500</u>	<u>6,175,506</u>	<u>1,720,000</u>	<u>16,813,006</u>	<u>1,597,500</u>
Compensated absences	7,122,000	4,579,257	4,874,256	6,827,001	4,665,966
Total long-term liabilities	<u>\$ 69,635,744</u>	<u>\$ 10,754,763</u>	<u>\$ 9,375,600</u>	<u>\$ 71,014,907</u>	<u>\$ 9,068,466</u>

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

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 9th and J Building, Downtown Senior Center, Health Department Building, Courthouse Plaza, Northeast Senior Center, Benesch Building, and the 27th Street Police Building.

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.

LANCASTER COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

4. LONG-TERM LIABILITIES (CONTINUED)

In March 201, the PBC issued \$14,780,000 in revenue bonds for the purpose of paying the costs of improvements to convert the former Lancaster County jail to offices for use by the County and City, and renovation of the new County Mental Health Crisis Center. The County's proportionate share of the refunding resulted in a new capital lease of \$6,175,506 for the portion of proceeds expended.

As of June 30, 2016, the PBC has bonds outstanding of \$38,500,000 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 2042.

Principal and interest requirements to maturity on capital lease obligations and bonds outstanding at June 30, 2016 are as follows:

Year Ending June 30	Bonds payable		Capital leases	
	Principal	Interest	Principal	Interest
2017	\$ 2,805,000	\$ 2,056,930	\$ 1,597,500	\$ 584,310
2018	2,890,000	1,971,505	1,032,500	519,684
2019	2,980,000	1,868,555	1,319,666	490,109
2020	3,095,000	1,754,793	1,144,255	455,775
2021	3,205,000	1,642,940	1,175,933	419,717
2022 – 2026	18,345,000	5,722,625	5,519,431	1,443,927
2027 – 2031	13,360,000	1,023,500	1,562,008	737,198
2032 – 2036	--	--	1,431,061	435,899
2037 – 2041	--	--	1,665,053	197,703
2042	--	--	365,600	5,941
Total	<u>\$ 46,680,000</u>	<u>\$ 16,040,848</u>	<u>\$ 16,813,006</u>	<u>\$ 5,290,262</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	\$ --	\$ 3,872,265	\$ 5,205,556	\$ 2,004,050	\$ 11,081,871
Other governmental funds	1,270,186	--	--	--	1,270,186
	<u>\$ 1,270,186</u>	<u>\$ 3,872,265</u>	<u>\$ 5,205,556</u>	<u>\$ 2,004,050</u>	<u>\$ 12,352,057</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, 2016, the most significant transfer was \$4,467,672 from the General Fund to the Bridge and Special Road Fund for budgeted capital projects.

6. DEFICIT FUND EQUITY

At June 30, 2016, the Workers' Compensation fund had a deficit of \$469,658, 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, 2016, membership in the plans totaled 1907 (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 \$787,633 for the year ended June 30, 2016.

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, 2016, membership totaled 1,186.

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 \$3,634,762 and total employee contributions were \$2,535,714 for the year ended June 30, 2016.

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

	Pension Trust	Postemployment Health Trust	Total
Total assets	\$ 122,598,893	\$ 6,770,267	\$ 129,369,160
Net position	\$ 122,598,893	\$ 6,770,267	\$ 129,369,160
Additions	\$ 5,160,586	\$ 745,011	\$ 5,905,597
Deductions	7,707,672	331,213	8,038,885
Change in net position	(2,547,086)	413,798	(2,133,288)
Beginning net position	125,145,979	6,356,469	131,502,448
Ending net position	\$ 122,598,893	\$ 6,770,267	\$ 129,369,160

LANCASTER COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

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.

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'</u> <u>Compensation</u>	<u>Other Self</u> <u>Insurance Loss</u>	<u>Group</u> <u>Insurance</u>
Liability - June 30, 2014	\$ 909,505	\$ 1,439,732	\$ 828,000
Claims incurred	804,593	441,737	10,966,247
Claims payments & adjustments	<u>691,565</u>	<u>952,382</u>	<u>11,037,247</u>
Liability - June 30, 2015	1,022,533	929,087	757,000
Claims incurred	356,299	254,311	9,199,399
Claims payments & adjustments	<u>446,465</u>	<u>260,363</u>	<u>9,374,399</u>
Liability - June 30, 2016	<u>\$ 932,367</u>	<u>\$ 923,035</u>	<u>\$ 582,000</u>

LANCASTER COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

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 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, 2016, \$125,000 was recorded with accounts payable for amounts owed as of that date.

Construction Commitments and Encumbrances. As of June 30, 2016, the County has outstanding encumbrances as follows:

General Fund	\$ 118,031
Highway Fund	5,705,827
Nonmajor Governmental Funds	4,232,061
Total	<u>\$ 10,055,919</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, 2016, 19 series of bonds were outstanding, with an aggregate principal amount payable in the amount of \$190,187,228.

LANCASTER COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

11. PENDING GOVERNMENTAL ACCOUNTING STANDARDS

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.

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, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive/ (Negative)
Revenues:				
Taxes	\$ 77,548,279	\$ 77,548,279	\$ 73,984,427	\$ (3,563,852)
Charges for services	12,893,419	12,893,419	13,613,490	720,071
Federal receipts	2,083,149	2,083,149	2,089,744	6,595
State revenues	5,193,056	5,193,056	9,358,502	4,165,446
License, fees and rental income	54,000	54,000	59,228	5,228
Interest on investments	135,050	135,050	194,805	59,755
Intergovernmental	767,124	767,124	767,124	-
Other receipts	90,700	90,700	159,686	68,986
Total revenues	98,764,777	98,764,777	100,227,006	1,462,229
Expenditures:				
General Government:				
Board of Commissioners	286,796	290,296	289,651	645
County Clerk	1,031,481	1,031,481	986,901	44,580
County Treasurer	3,433,607	3,433,607	3,231,261	202,346
Assessor / Register of Deeds	4,050,108	4,050,108	3,999,712	50,396
ROD Technology	311,903	311,903	212,529	99,374
Election Commissioner	1,063,335	1,090,835	1,085,223	5,612
Information Services	1,089,514	1,089,514	999,199	90,315
Budget & Fiscal	338,694	344,694	343,708	986
General Government Miscellaneous	3,647,869	3,315,369	1,675,489	1,639,880
Administrative Services	412,979	412,979	405,324	7,655
Board of Equalization	453,550	453,550	357,435	96,115
Extension Service	1,082,307	1,082,307	1,054,323	27,984
Records & Information Management	636,614	636,614	619,366	17,248
Total general government	17,838,757	17,543,257	15,260,121	2,283,136
Public Safety:				
Clerk of District Court	1,770,378	1,770,378	1,707,646	62,732
County Court	905,847	956,847	949,811	7,036
Juvenile Court	1,936,614	1,936,614	1,926,683	9,931
District Court	2,751,097	2,751,097	2,574,872	176,225
Public Defender	4,131,153	4,131,153	4,097,055	34,098
Jury Commissioner	144,516	144,516	143,036	1,480
Justice System Miscellaneous	2,398,309	2,398,309	1,587,143	811,166
County Sheriff	11,654,864	11,654,864	11,519,739	135,125
County Attorney	7,266,607	7,266,607	7,132,451	134,156
Corrections	21,958,473	21,958,473	21,784,603	173,870
Juvenile Probation	317,228	317,228	306,007	11,221
Adult Probation	377,297	377,297	371,180	6,117
Community Corrections	2,895,998	2,895,998	2,787,174	108,824
Youth Services Center	6,283,830	6,283,830	5,741,009	542,821
Emergency Management	546,416	546,416	519,256	27,160
Mental Health Board	140,731	140,731	129,917	10,814
Total public safety	65,479,358	65,530,358	63,277,582	2,252,776

Lancaster County, Nebraska
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Budget Basis
General Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Public Works:				
County Engineer	4,127,804	4,127,804	4,023,757	104,047
Total public works	<u>4,127,804</u>	<u>4,127,804</u>	<u>4,023,757</u>	<u>104,047</u>
Public Health and Social Services:				
General Assistance	2,307,315	2,527,315	2,385,732	141,583
Veterans & General Assistance Admin	831,899	839,399	813,630	25,769
Health & Human Services	4,362,540	4,362,540	4,296,039	66,501
Human Services	388,081	405,081	404,546	535
Total public health and social services	<u>7,889,835</u>	<u>8,134,335</u>	<u>7,899,947</u>	<u>234,388</u>
Total expenditures	<u>95,335,754</u>	<u>95,335,754</u>	<u>90,461,407</u>	<u>4,874,347</u>
Revenue over expenditures	<u>3,429,023</u>	<u>3,429,023</u>	<u>9,765,599</u>	<u>6,336,576</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	7,029	7,029
Transfer in	1,297,872	1,297,872	1,270,186	(27,686)
Transfer out	(11,294,579)	(11,294,579)	(11,086,871)	207,708
Total other financing sources (uses)	<u>(9,996,707)</u>	<u>(9,996,707)</u>	<u>(9,809,656)</u>	<u>187,051</u>
Net change in fund balance	<u>\$ (6,567,684)</u>	<u>\$ (6,567,684)</u>	(44,057)	<u>\$ 6,523,627</u>
Fund balance at beginning of year			12,754,334	
Encumbrance credit			148,123	
Fund balance at end of year			<u>\$ 12,858,400</u>	
 Explanation of difference between budgetary and GAAP:				
Net change in fund balance, budgetary basis			\$ (44,057)	
 Separately budgeted general fund subfunds:				
Veterans Aid fund			1,249	
Revenue accruals			(542,243)	
Expenditure accruals			1,370,332	
Current year encumbrances			<u>118,031</u>	
Net change in fund balance, GAAP basis			903,312	
Fund balance, beginning of year, GAAP basis			<u>35,820,696</u>	
Fund balance, end of year, GAAP basis			<u>\$ 36,724,008</u>	

LANCASTER COUNTY, NEBRASKA

NOTES TO BUDGETARY COMPARISON SCHEDULES

Year Ended June 30, 2016

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, 2016

	General Fund	Veterans Aid Fund	Total General
Assets:			
Cash, including investments	\$ 15,536,592	\$ 13,605	\$ 15,550,197
Taxes receivable	24,706,386	-	24,706,386
Due from other government agencies	931,727	-	931,727
Accounts receivable	575,978	-	575,978
Interest receivable	2,878	-	2,878
Total assets	<u>\$ 41,753,561</u>	<u>\$ 13,605</u>	<u>\$ 41,767,166</u>
Liabilities:			
Accounts payable	\$ 2,475,809	\$ -	\$ 2,475,809
Accrued salaries	1,097,632	-	1,097,632
Total liabilities	<u>3,573,441</u>	<u>-</u>	<u>3,573,441</u>
Deferred inflows of resources:			
Unavailable revenue - property tax receivable	1,469,717	-	1,469,717
Total deferred inflows of resources	<u>1,469,717</u>	<u>-</u>	<u>1,469,717</u>
Fund balances:			
Committed for:			
Public safety	14,752	-	14,752
Public works	52,787	-	52,787
General government	47,142	-	47,142
Assigned for:			
Veterans aid	-	13,605	13,605
Unassigned	36,595,722	-	36,595,722
Total fund balances	<u>36,710,403</u>	<u>13,605</u>	<u>36,724,008</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 41,753,561</u>	<u>\$ 13,605</u>	<u>\$ 41,767,166</u>

Lancaster County, Nebraska
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
Year Ended June 30, 2016

	General Fund	Veterans Aid Fund	Eliminations	Total General
Revenues:				
Taxes	\$ 75,050,762	\$ -	\$ -	\$ 75,050,762
Charges for services	13,899,544	-	-	13,899,544
Intergovernmental	11,719,269	-	-	11,719,269
License, fees and rental income	59,228	-	-	59,228
Interest income	200,926	-	-	200,926
Other	155,516	-	-	155,516
Total revenues	101,085,245	-	-	101,085,245
Expenditures:				
Current:				
General government	14,640,098	-	-	14,640,098
Public safety	61,591,413	-	-	61,591,413
Public works	3,924,019	-	-	3,924,019
Public health and human services	7,860,425	3,751	-	7,864,176
Capital outlay	7,031,783	-	-	7,031,783
Debt service:				
Principal	1,141,995	-	-	1,141,995
Interest	359,299	-	-	359,299
Total expenditures	96,549,032	3,751	-	96,552,783
Excess (deficiency) of revenues over (under) expenditures	4,536,213	(3,751)	-	4,532,462
Other financing sources (uses):				
Issuance of capital lease	6,175,506	-	-	6,175,506
Sale of capital assets	7,029	-	-	7,029
Transfers in	1,270,186	5,000	(5,000)	1,270,186
Transfers out	(11,086,871)	-	5,000	(11,081,871)
Total other financing sources (uses)	(3,634,150)	5,000	-	(3,629,150)
Net change in fund balances	902,063	1,249	-	903,312
Fund balances at beginning of year	35,808,340	12,356	-	35,820,696
Fund balances at end of year	\$ 36,710,403	\$ 13,605	\$ -	\$ 36,724,008

Lancaster County, Nebraska
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

Special Revenue Funds									
	Visitors Improvement	Visitors Promotion	County Rural Library	Federal Grants	Keno	Economic Development	Mental Health	Weed Control	
Assets:									
Cash, including investments	\$ 1,887,111	\$ 1,001,164	\$ 19,227	\$ 3,303,930	\$ 1,319,249	\$ 355,053	\$ 310,256	\$ 87,258	
Taxes receivable	-	-	298,369	-	-	-	-	-	
Due from other government agencies	328,439	328,439	2,406	85,610	-	-	61,241	-	
Accounts receivable	-	-	-	24,354	79,410	-	-	-	
Interest receivable	-	-	-	1,021	-	173	-	-	
Patient and insurance receivables, net of allowance for doubtful accounts of \$818,986	-	-	-	-	-	-	134,138	-	
Total assets	\$ 2,215,550	\$ 1,329,603	\$ 320,002	\$ 3,414,915	\$ 1,398,659	\$ 355,226	\$ 505,635	\$ 87,258	
Liabilities:									
Accounts payable	\$ 311,392	\$ -	\$ -	\$ 408,219	\$ 28,627	\$ -	\$ 20,585	\$ 5,106	
Accrued salaries	-	-	-	-	-	-	47,602	8,597	
Advance payable	-	-	-	-	-	-	-	-	
Total liabilities	311,392	-	-	408,219	28,627	-	68,187	13,703	
Deferred inflows of resources:									
Unavailable revenue - property tax receivable	-	-	23,083	-	-	-	-	-	
Total deferred inflows of resources	-	-	23,083	-	-	-	-	-	
Fund balances:									
Restricted for:									
Visitor improvement	1,904,158	1,329,603	-	-	-	-	-	-	
Rural library services	-	-	296,919	-	-	-	-	-	
Building, land and road maintenance	-	-	-	-	-	-	-	-	
Drug education	-	-	-	2,460,286	-	-	-	-	
Economic development	-	-	-	-	-	355,226	-	-	
Debt service	-	-	-	-	-	-	-	-	
Minor equipment	-	-	-	-	-	-	-	-	
Jail construction	-	-	-	-	-	-	-	-	
Emergency management	-	-	-	153,716	-	-	-	-	
Community aid	-	-	-	392,694	-	-	-	-	
Committed for:									
Community betterment	-	-	-	-	1,370,032	-	-	-	
Building maintenance	-	-	-	-	-	-	-	-	
Building, land and road maintenance	-	-	-	-	-	-	-	-	
Assigned for:									
Public health and human services	-	-	-	-	-	-	437,448	-	
Building, land and road maintenance	-	-	-	-	-	-	-	73,555	
Total fund balances	1,904,158	1,329,603	296,919	3,006,696	1,370,032	355,226	437,448	73,555	
Total liabilities, deferred outflows of resources and fund balances	\$ 2,215,550	\$ 1,329,603	\$ 320,002	\$ 3,414,915	\$ 1,398,659	\$ 355,226	\$ 505,635	\$ 87,258	

Lancaster County, Nebraska
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	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		
Assets:									
Cash, including investments	\$ 915,075	\$ 491,512	\$ 372,960	\$ 709,325	\$ 2,601,114	\$ 6,703,781	\$ 822,180	\$ 20,899,195	
Taxes receivable	79,165	-	-	-	1,928,422	-	-	2,305,956	
Due from other government agencies	851	88,661	-	-	21,098	-	-	916,745	
Accounts receivable	-	6,323	-	-	-	31,678	-	141,765	
Interest receivable	-	-	-	-	-	2,166	-	3,360	
Patient and insurance receivables, net of allowance for doubtful accounts of \$729,970	-	-	-	-	-	-	-	134,138	
Total assets	\$ 995,091	\$ 586,496	\$ 372,960	\$ 709,325	\$ 4,550,634	\$ 6,737,625	\$ 822,180	\$ 24,401,159	
Liabilities:									
Accounts payable	\$ 4,741	\$ 76,798	\$ 5,091	\$ -	\$ -	\$ 115,754	\$ -	\$ 976,313	
Accrued salaries	-	68,750	-	-	-	38,722	-	163,671	
Advance payable	-	-	14,463	-	-	-	-	14,463	
Total liabilities	4,741	145,548	19,554	-	-	154,476	-	1,154,447	
Deferred inflows of resources:									
Unavailable revenue - property tax receivable	4,676	-	-	-	110,318	-	-	138,077	
Total deferred inflows of resources	4,676	-	-	-	110,318	-	-	138,077	
Fund balances:									
Restricted for:									
Visitor improvement	-	-	-	-	-	-	-	3,233,761	
Rural library services	-	-	-	-	-	-	-	296,919	
Building, land and road maintenance	950,674	-	-	-	-	1,003,009	-	1,953,683	
Drug education	-	-	-	-	-	-	-	2,460,286	
Economic development	-	-	-	-	-	-	-	355,226	
Debt service	-	-	-	709,325	4,246,089	-	-	4,955,414	
Minor equipment	-	-	-	-	-	-	822,180	822,180	
Jail construction	-	-	-	-	194,227	-	-	194,227	
Emergency management	-	-	-	-	-	-	-	153,716	
Community aid	-	-	-	-	-	-	-	392,694	
Committed for:									
Community betterment	-	-	-	-	-	-	-	1,370,032	
Building maintenance	-	440,948	353,406	-	-	-	-	794,354	
Building, land and road maintenance	-	-	-	-	-	4,227,331	-	4,227,331	
Assigned for:									
Public health and human services	-	-	-	-	-	-	-	437,448	
Building, land and road maintenance	35,000	-	-	-	-	1,352,809	-	1,461,364	
Total fund balances	985,674	440,948	353,406	709,325	4,440,316	6,583,149	822,180	23,108,635	
Total liabilities, deferred outflows of resources and fund balances	\$ 995,091	\$ 586,496	\$ 372,960	\$ 709,325	\$ 4,550,634	\$ 6,737,625	\$ 822,180	\$ 24,401,159	

Lancaster County, Nebraska
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2016

Special Revenue Funds								
	Visitors Improvement	Visitors Promotion	County Rural Library	Federal Grants	Keno	Economic Development	Mental Health	Weed Control
Revenues:								
Taxes	\$ 1,639,455	\$ 1,639,455	\$ 750,990	\$ 508	\$ -	\$ -	\$ (2,180)	\$ 39,108
Charges for services	-	-	-	-	-	-	223,914	18,856
Intergovernmental	-	-	57,894	2,466,619	-	-	1,556,228	153,695
Medicaid/Medicare/MRO reimbursements	-	-	-	-	-	-	548,663	-
License, fees and rental income	-	-	-	-	-	-	-	-
Interest income	-	-	-	6,354	-	1,395	-	-
Other income	-	-	-	740,545	1,077,416	15,587	44,906	956
Total revenues	<u>1,639,455</u>	<u>1,639,455</u>	<u>808,884</u>	<u>3,214,026</u>	<u>1,077,416</u>	<u>16,982</u>	<u>2,371,531</u>	<u>212,615</u>
Expenditures:								
General government	-	-	-	-	150,867	-	-	-
Public safety	-	-	-	917,365	-	-	-	-
Community development	-	-	-	-	-	1,093	-	-
Public works	-	-	-	-	-	-	-	374,058
Public health and human services	-	-	-	1,091,799	-	-	2,995,869	-
Culture and recreation	1,707,498	1,477,500	792,780	-	-	-	-	-
Capital outlays	-	-	-	458,106	165,062	-	-	960
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	<u>1,707,498</u>	<u>1,477,500</u>	<u>792,780</u>	<u>2,467,270</u>	<u>315,929</u>	<u>1,093</u>	<u>2,995,869</u>	<u>375,018</u>
Excess of revenues over (under) expenditures	(68,043)	161,955	16,104	746,756	761,487	15,889	(624,338)	(162,403)
Other financing sources (uses):								
Sale of capital assets	-	-	-	12,883	-	-	-	-
Transfers in	-	-	-	-	-	-	550,000	152,884
Transfers out	-	-	-	(270,186)	(1,000,000)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(257,303)</u>	<u>(1,000,000)</u>	<u>-</u>	<u>550,000</u>	<u>152,884</u>
Net change in fund balances	(68,043)	161,955	16,104	489,453	(238,513)	15,889	(74,338)	(9,519)
Fund balances at beginning of year	<u>1,972,201</u>	<u>1,167,648</u>	<u>280,815</u>	<u>2,517,243</u>	<u>1,608,545</u>	<u>339,337</u>	<u>511,786</u>	<u>83,074</u>
Fund balances at end of year	<u>\$ 1,904,158</u>	<u>\$ 1,329,603</u>	<u>\$ 296,919</u>	<u>\$ 3,006,696</u>	<u>\$ 1,370,032</u>	<u>\$ 355,226</u>	<u>\$ 437,448</u>	<u>\$ 73,555</u>

Lancaster County, Nebraska
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2016

	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	
Revenues:								
Taxes	\$ 194,135	\$ -	\$ -	\$ 12,520	\$ 4,456,737	\$ -	\$ -	\$ 8,730,728
Charges for services	-	3,299,062	325,962	-	-	402,991	-	4,270,785
Intergovernmental	15,002	-	-	535	357,668	817,537	-	5,425,178
Medicaid/Medicare/MRO reimbursements	-	-	-	-	-	-	-	548,663
License, fees and rental income	117,502	1,356,054	-	-	-	-	-	1,473,556
Interest income	-	-	-	-	9,820	23,812	-	41,381
Other income	-	2,284	-	-	-	-	-	1,881,694
Total revenues	326,639	4,657,400	325,962	13,055	4,824,225	1,244,340	-	22,371,985
Expenditures:								
General government	20,993	4,862,309	319,505	-	-	-	-	5,353,674
Public safety	4,741	-	-	-	1,216,942	-	-	2,139,048
Community development	-	-	-	-	-	-	-	1,093
Public works	-	-	-	-	-	3,031,597	-	3,405,655
Public health and human services	4,000	-	-	-	-	-	-	4,091,668
Culture and recreation	-	-	-	-	-	-	-	3,977,778
Capital outlays	123,191	18,543	6,457	-	42,593	2,668,084	33,789	3,516,785
Debt service:								
Principal	-	-	-	578,005	2,725,000	-	-	3,303,005
Interest	-	-	-	13,232	2,139,880	-	-	2,153,112
Total expenditures	152,925	4,880,852	325,962	591,237	6,124,415	5,699,681	33,789	27,941,818
Excess of revenues over (under) expenditures	173,714	(223,452)	-	(578,182)	(1,300,190)	(4,455,341)	(33,789)	(5,569,833)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	4,966	-	17,849
Transfers in	35,000	-	-	-	-	4,467,672	-	5,205,556
Transfers out	-	-	-	-	-	-	-	(1,270,186)
Total other financing sources (uses)	35,000	-	-	-	-	4,472,638	-	3,953,219
Net change in fund balances	208,714	(223,452)	-	(578,182)	(1,300,190)	17,297	(33,789)	(1,616,614)
Fund balances at beginning of year	776,960	664,400	353,406	1,287,507	5,740,506	6,565,852	855,969	24,725,249
Fund balances at end of year	\$ 985,674	\$ 440,948	\$ 353,406	\$ 709,325	\$ 4,440,316	\$ 6,583,149	\$ 822,180	\$ 23,108,635

Lancaster County, Nebraska
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual - Budget Basis
 Visitor Improvement Fund
 Year Ended June 30, 2016

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 1,500,000	\$ 1,500,000	\$ 1,625,269	\$ 125,269
Total revenues	1,500,000	1,500,000	1,625,269	125,269
Expenditures:				
Other contracted services	3,307,564	3,307,564	1,575,722	1,731,842
Total expenditures	3,307,564	3,307,564	1,575,722	1,731,842
Net change in fund balance	\$ (1,807,564)	\$ (1,807,564)	49,547	\$ 1,857,111
Fund balance at beginning of year			1,807,565	
Fund balance at end of year			\$ 1,857,112	

Lancaster County, Nebraska

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Budget Basis
Visitor Promotion Fund
Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amount Budgetary Basis</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 1,500,000	\$ 1,500,000	\$ 1,625,269	\$ 125,269
Total revenues	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,625,269</u>	<u>125,269</u>
Expenditures:				
Other contracted services	1,477,500	1,477,500	1,477,500	-
Miscellaneous fees & services	875,893	875,893	-	875,893
Total expenditures	<u>2,353,393</u>	<u>2,353,393</u>	<u>1,477,500</u>	<u>875,893</u>
Net change in fund balance	<u>\$ (853,393)</u>	<u>\$ (853,393)</u>	147,769	<u>\$ 1,001,162</u>
Fund balance at beginning of year			<u>853,395</u>	
Fund balance at end of year			<u>\$ 1,001,164</u>	

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, 2016

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 787,566	\$ 787,566	\$ 741,381	\$ (46,185)
State revenues	3,000	3,000	57,632	54,632
Intergovernmental	-	-	284	284
Total revenues	790,566	790,566	799,297	8,731
Expenditures:				
City/County shared	792,779	792,779	792,780	(1)
Miscellaneous fees & services	500	500	-	500
Total expenditures	793,279	793,279	792,780	499
Net change in fund balance	\$ (2,713)	\$ (2,713)	6,517	\$ 9,230
Fund balance at beginning of year			12,712	
Fund balance at end of year			\$ 19,229	

Lancaster County, Nebraska
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Budget Basis
Federal Grants Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ 508	\$ 508
Federal receipts	2,124,966	2,124,966	1,492,022	(632,944)
State revenues	1,053,214	1,053,214	1,196,008	142,794
Interest on investments	-	-	5,333	5,333
Intergovernmental	54,427	54,427	-	(54,427)
Other receipts	309,474	309,474	735,231	425,757
Total revenues	3,542,081	3,542,081	3,429,102	(112,979)
Expenditures:				
Office supplies	1,000	1,000	1,153	(153)
Operating supplies	549,068	549,068	88,221	460,847
Energy supplies	500	500	42	458
Repair & maintenance supplies	3,000	3,000	1,370	1,630
Food supplies	9,300	9,300	3,123	6,177
Other contracted services	1,805,457	1,805,457	846,915	958,542
Not-for-profit contracts	544,970	544,970	559,420	(14,450)
Transportation, travel & subsistence	162,701	162,701	130,664	32,037
Communications	3,000	3,000	4,427	(1,427)
Postage, courier & freight	400	400	-	400
Printing & advertising	400	400	351	49
Miscellaneous fees & services	1,785,202	1,785,202	410,794	1,374,408
Insurance & surety bonds	-	-	5,662	(5,662)
Utilities	-	-	780	(780)
Repair & maintenance costs	8,150	8,150	43,330	(35,180)
Rentals	7,000	7,000	7,594	(594)
Equipment	712,537	712,537	376,724	335,813
Total expenditures	5,592,685	5,592,685	2,480,570	3,112,115
Revenue over (under) expenditures	(2,050,604)	(2,050,604)	948,532	2,999,136
Other Financing Sources (Uses):				
Transfers out	(297,872)	(297,872)	(270,186)	27,686
Total other financing sources (uses)	(297,872)	(297,872)	(270,186)	27,686
Net change in fund balance	\$ (2,348,476)	\$ (2,348,476)	678,346	\$ 3,026,822
Fund balance at beginning of year			2,348,476	
Fund balance at end of year			\$ 3,026,822	

Lancaster County, Nebraska
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Budget Basis
Keno Fund
Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual Amount Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ -	-	\$ 7,000	\$ 7,000
Other receipts	1,000,000	\$ 1,000,000	1,065,391	65,391
Total revenues	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,072,391</u>	<u>72,391</u>
Expenditures:				
City/County shared	100,000	100,000	97,497	2,503
Not-for-profit contracts	55,000	55,000	51,668	3,332
Miscellaneous fees & services	1,268,172	1,268,172	100	1,268,072
Equipment	156,113	156,113	183,164	(27,051)
Total expenditures	<u>1,579,285</u>	<u>1,579,285</u>	<u>332,429</u>	<u>1,246,856</u>
Revenue over (under) expenditures	<u>(579,285)</u>	<u>(579,285)</u>	<u>739,962</u>	<u>1,319,247</u>
Other Financing Sources (Uses):				
Transfers out	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>-</u>
Net change in fund balance	<u><u>\$ (1,579,285)</u></u>	<u><u>\$ (1,579,285)</u></u>	<u>(260,038)</u>	<u><u>\$ 1,319,247</u></u>
Fund balance at beginning of year			<u>1,579,287</u>	
Fund balance at end of year			<u><u>\$ 1,319,249</u></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, 2016

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Interest on investments	\$ 1,700	\$ 1,700	\$ 1,349	\$ (351)
Other receipts	15,500	15,500	15,587	87
Total revenues	17,200	17,200	16,936	(264)
Expenditures:				
Other contracted services	20,000	20,000	1,093	18,907
Miscellaneous fees & services	336,410	336,410	-	336,410
Total expenditures	356,410	356,410	1,093	355,317
Net change in fund balance	\$ (339,210)	\$ (339,210)	15,843	\$ 355,053
Fund balance at beginning of year			339,209	
Fund balance at end of year			\$ 355,052	

Lancaster County, Nebraska
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Budget Basis
Mental Health Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
State revenues	\$ 1,303,508	\$ 1,303,508	\$ 1,570,882	\$ 267,374
Medicaid/Medicare/MRO reimbursements	931,923	931,923	612,668	(319,255)
County aid	792,708	792,708	550,000	(242,708)
Taxes	-	-	(2,180)	(2,180)
Charges for services	357,400	357,400	230,222	(127,178)
Other income	-	-	43,028	43,028
Total revenues	3,385,539	3,385,539	3,004,620	(380,919)
Expenditures:				
Salaries & wages	1,783,701	1,783,701	1,877,631	(93,930)
Employee benefits	606,674	606,674	586,958	19,716
Contracted services	688,330	688,330	308,513	379,817
Lease expense	108,589	108,589	108,589	-
Client services	39,500	39,500	33,850	5,650
Contracted medical services	101,000	101,000	38,521	62,479
Insurance	42,139	42,139	31,304	10,835
Communications	5,000	5,000	3,660	1,340
Miscellaneous fees & services	27,600	27,600	10,726	16,874
Repair & maintenance costs	1,000	1,000	284	716
Energy supplies	250	250	24	226
Other compensation	23,399	23,399	14,673	8,726
Operating supplies	6,650	6,650	8,740	(2,090)
Printing & advertising	5,200	5,200	4,367	833
Medical supplies	27,700	27,700	17,273	10,427
Transportation & travel	300	300	26	274
Postage, courier and freight	2,000	2,000	605	1,395
Office supplies	3,500	3,500	2,322	1,178
Equipment	8,096	8,096	6,205	1,891
Total expenditures	3,480,628	3,480,628	3,054,271	426,357
Net change in fund balance	\$ (95,089)	\$ (95,089)	(49,651)	\$ 45,438
Fund balance at beginning of year			295,090	
Fund balance at end of year			\$ 245,439	

Lancaster County, Nebraska
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Budget Basis
Weed Control Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 32,000	\$ 32,000	\$ 39,108	\$ 7,108
Charges for services	26,000	26,000	28,759	2,759
Intergovernmental	152,883	152,883	153,695	812
Other receipts	400	400	956	556
Total revenues	<u>211,283</u>	<u>211,283</u>	<u>222,518</u>	<u>11,235</u>
Expenditures:				
Salaries & wages	199,435	199,435	200,658	(1,223)
Employee benefits	66,693	66,693	60,888	5,805
Other compensation costs	5,845	5,845	4,345	1,500
Office supplies	1,400	1,400	1,580	(180)
Operating supplies	1,950	1,950	1,014	936
Energy supplies	8,000	8,000	5,359	2,641
Other contracted services	46,939	46,939	39,085	7,854
Transportation, travel & subsistence	3,000	3,000	2,143	857
Communications	2,920	2,920	3,277	(357)
Postage, courier and freight	8,500	8,500	8,050	450
Printing & advertising	3,500	3,500	3,136	364
Miscellaneous fees & services	36,350	36,350	39,152	(2,802)
Insurance & surety bonds	4,885	4,885	4,242	643
Utilities	950	950	-	950
Repair & maintenance costs	5,000	5,000	1,962	3,038
Equipment	1,500	1,500	960	540
Total expenditures	<u>396,867</u>	<u>396,867</u>	<u>375,851</u>	<u>21,016</u>
Revenue over (under) expenditures	<u>(185,584)</u>	<u>(185,584)</u>	<u>(153,333)</u>	<u>32,251</u>
Other Financing Sources (Uses):				
Transfers in	152,884	152,884	152,884	-
Total other financing sources (uses)	<u>152,884</u>	<u>152,884</u>	<u>152,884</u>	<u>-</u>
Net change in fund balance	<u>\$ (32,700)</u>	<u>\$ (32,700)</u>	(449)	<u>\$ 32,251</u>
Fund balance at beginning of year			<u>72,698</u>	
Fund balance at end of year			<u>\$ 72,249</u>	

Lancaster County, Nebraska
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Budget Basis
Building Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 206,000	\$ 206,000	\$ 195,386	\$ (10,614)
State revenues	500	500	14,970	14,470
Licenses, fees, and rental income	117,502	117,502	117,502	-
Total revenues	324,002	324,002	327,858	3,856
Expenditures:				
Other contracted services	-	-	24,993	(24,993)
Land	1,000	1,000	2,000	(1,000)
Buildings	1,023,402	1,023,402	48,465	974,937
Improvements other than buildings	-	-	30,000	(30,000)
Equipment	-	-	42,726	(42,726)
Total expenditures	1,024,402	1,024,402	148,184	876,218
Revenue over (under) expenditures	(700,400)	(700,400)	179,674	880,074
Other Financing Sources (Uses):				
Transfers in	-	-	35,000	35,000
Total other financing sources (uses)	-	-	35,000	35,000
Net change in fund balance	\$ (700,400)	\$ (700,400)	214,674	\$ 915,074
Fund balance at beginning of year			700,400	
Fund balance at end of year			\$ 915,074	

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, 2016

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 3,198,995	\$ 3,198,995	\$ 3,636,517	\$ 437,522
Licenses, fees, and rental income	1,384,148	1,384,148	1,432,060	47,912
Total revenues	4,583,143	4,583,143	5,068,577	485,434
Expenditures:				
Salaries & wages	2,871,382	2,871,382	2,830,508	40,874
Employee benefits	1,192,046	1,192,046	1,209,797	(17,751)
Other compensation costs	62,841	62,841	48,408	14,433
Office supplies	260	260	-	260
Operating supplies	33,602	33,602	23,074	10,528
Medical supplies	500	500	-	500
Energy supplies	8,260	8,260	4,021	4,239
Highway & bridge supplies	143	143	-	143
Traffic control supplies	532	532	10,349	(9,817)
Repair & maintenance supplies	32,640	32,640	27,239	5,401
Other contracted services	323,754	323,754	159,498	164,256
City/County Shared	-	-	3,082	(3,082)
Trans, travel & subsistence	-	-	386	(386)
Communications	7,192	7,192	5,276	1,916
Postage, courier, & freight	145	145	9	136
Printing & advertising	428	428	6	422
Contracted health services	324	324	266	58
Miscellaneous fees & services	1,182	1,182	123,987	(122,805)
Insurance & surety bonds	46,645	46,645	92,588	(45,943)
Utilities	384,407	384,407	351,803	32,604
Repair & maintenance costs	45,683	45,683	67,142	(21,459)
Rentals	1,392	1,392	9,457	(8,065)
Buildings	116,913	116,913	19,534	97,379
Improvements other than buildings	1,700	1,700	8,598	(6,898)
Equipment	185	185	11,239	(11,054)
Total expenditures	5,132,156	5,132,156	5,006,267	125,889
Net change in fund balance	\$ (549,013)	\$ (549,013)	62,310	\$ 611,323
Fund balance at beginning of year			597,695	
Fund balance at end of year			\$ 660,005	

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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amount Budgetary Basis</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 303,500	\$ 303,500	\$ 303,687	\$ 187
Total revenues	<u>303,500</u>	<u>303,500</u>	<u>303,687</u>	<u>187</u>
Expenditures:				
Operating supplies	3,600	3,600	1,013	2,587
Energy Supplies	5,100	5,100	1,550	3,550
Traffic control supplies	500	500	-	500
Repair & maintenance supplies	10,000	10,000	5,087	4,913
Other contracted services	240,500	240,500	233,090	7,410
City/County Shared	5,100	5,100	2,410	2,690
Communications	500	500	797	(297)
Miscellaneous fees & services	2,000	2,000	1,633	367
Insurance & surety bonds	3,000	3,000	2,315	685
Utilities	41,500	41,500	19,170	22,330
Repair & maintenance costs	24,000	24,000	26,426	(2,426)
Rentals	30,500	30,500	23,927	6,573
Buildings	322,347	322,347	5,407	316,940
Improvements other than buildings	5,000	5,000	-	5,000
Equipment	1,000	1,000	1,050	(50)
Total expenditures	<u>694,647</u>	<u>694,647</u>	<u>323,875</u>	<u>370,772</u>
Net change in fund balance	<u>\$ (391,147)</u>	<u>\$ (391,147)</u>	(20,188)	<u>\$ 370,959</u>
Fund balance at beginning of year			<u>391,146</u>	
Fund balance at end of year			<u>\$ 370,958</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, 2016

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ 207,796	\$ 207,796
State revenues	-	-	2,638	2,638
Intergovernmental	-	-	18	18
Total revenues	-	-	210,452	210,452
Expenditures:				
Other operating expenses	-	-	-	-
Debt service	1,090,111	1,090,111	591,237	498,874
Total expenditures	1,090,111	1,090,111	591,237	498,874
Net change in fund balance	\$ (1,090,111)	\$ (1,090,111)	(380,785)	\$ 709,326
Fund balance at beginning of year			1,090,110	
Fund balance at end of year			\$ 709,325	

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, 2016

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 4,790,784	\$ 4,790,784	\$ 4,503,963	\$ (286,821)
State revenues	16,100	16,100	355,661	339,561
Interest income	6,300	6,300	9,820	3,520
Intergovernmental	1,400	1,400	1,557	157
Total revenues	4,814,584	4,814,584	4,871,001	56,417
Expenditures:				
Supplies, minor equipment	-	-	71,889	(71,889)
Other contracted services	500	500	52	448
Repair and maintenance	-	-	39,552	(39,552)
Capital outlay	1,485,923	1,485,923	1,182,017	303,906
Debt service	4,864,880	4,864,880	4,864,880	-
Total expenditures	6,351,303	6,351,303	6,158,390	192,913
Net change in fund balance	\$ (1,536,719)	\$ (1,536,719)	(1,287,389)	\$ 249,330
Fund balance at beginning of year			3,888,502	
Fund balance at end of year			\$ 2,601,113	

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, 2016

	<u>Budgeted Amounts</u>		Actual Amount Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ -	\$ -	\$ 1	\$ 1
Charges for services	950,000	950,000	406,137	(543,863)
State revenues	333,700	333,700	350,137	16,437
Interest on investments	20,000	20,000	23,348	3,348
Intergovernmental	--	--	467,200	467,200
Total revenues	<u>1,303,700</u>	<u>1,303,700</u>	<u>1,246,823</u>	<u>(56,877)</u>
Expenditures:				
Salaries & wages	1,351,795	1,351,795	1,492,009	(140,214)
Employee benefits	601,574	601,574	638,610	(37,036)
Other compensation costs	48,905	48,905	48,905	-
Operating supplies	35,100	35,100	23,770	11,330
Medical supplies	700	700	118	582
Energy supplies	447,000	447,000	248,357	198,643
Highway & bridge supplies	504,000	504,000	408,616	95,384
Traffic control supplies	5,000	5,000	5,351	(351)
Repair & maintenance supplies	135,000	135,000	117,955	17,045
Other contracted services	3,000	3,000	798	2,202
Communications	-	-	3,103	(3,103)
Postage, courier & freight	900	900	56	844
Miscellaneous fees & services	5,000	5,000	664	4,336
Repair & maintenance costs	26,600	26,600	20,221	6,379
Rentals	7,000	7,000	811	6,189
Land	250,000	250,000	50,453	199,547
Equipment	177,000	177,000	133,091	43,909
Capitalized contracts	6,661,342	6,661,342	5,117,390	1,543,952
Total expenditures	<u>10,259,916</u>	<u>10,259,916</u>	<u>8,310,278</u>	<u>1,949,638</u>
Revenue over (under) expenditures	<u>(8,956,216)</u>	<u>(8,956,216)</u>	<u>(7,063,455)</u>	<u>1,892,761</u>
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	25,000	25,000	4,966	(20,034)
Transfers in	4,467,672	4,467,672	4,467,672	-
Total other financing sources (uses)	<u>4,492,672</u>	<u>4,492,672</u>	<u>4,472,638</u>	<u>(20,034)</u>
Net change in fund balance	<u>\$ (4,463,544)</u>	<u>\$ (4,463,544)</u>	<u>(2,590,817)</u>	<u>\$ 1,872,727</u>
Fund balance at beginning of year			4,763,542	
Encumbrance credit			207,038	
Fund balance at end of year			<u>\$ 2,379,763</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, 2016

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Equipment	844,268	844,268	29,717	814,551
Capitalized contracts	11,700	11,700	4,072	7,628
Total expenditures	855,968	855,968	33,789	822,179
Net change in fund balance	<u>\$ (855,968)</u>	<u>\$ (855,968)</u>	(33,789)	<u>\$ 822,179</u>
Fund balance at beginning of year			<u>855,969</u>	
Fund balance at end of year			<u>\$ 822,180</u>	

Lancaster County, Nebraska
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Budget Basis
Highway Fund
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ -	\$ -	\$ 18,091	\$ 18,091
State revenues	7,720,349	7,720,349	7,863,321	142,972
Licenses, fees, and rental income	2,000	2,000	3,960	1,960
Interest on investments	15,000	15,000	17,131	2,131
Other receipts	25,000	25,000	91,123	66,123
Total revenues	<u>7,762,349</u>	<u>7,762,349</u>	<u>7,993,626</u>	<u>231,277</u>
Expenditures:				
Salaries & wages	1,781,918	1,781,918	1,747,881	34,037
Employee benefits	801,190	801,190	756,140	45,050
Other compensation costs	64,819	64,819	64,819	-
Operating supplies	125,900	125,900	129,147	(3,247)
Medical supplies	400	400	6,975	(6,575)
Energy supplies	680,000	680,000	360,895	319,105
Highway & bridge supplies	1,122,400	1,122,400	1,069,999	52,401
Traffic control supplies	151,500	151,500	3,484	148,016
Repair & maintenance supplies	340,800	340,800	372,821	(32,021)
Other contracted services	7,100	7,100	2,171	4,929
Communications	3,475	3,475	1,360	2,115
Postage, courier & freight	4,400	4,400	3,876	524
Printing & advertising	800	800	632	168
Miscellaneous fees & services	19,000	19,000	32,556	(13,556)
Utilities	-	-	166	(166)
Repair & maintenance costs	757,750	757,750	1,811,470	(1,053,720)
Rentals	18,000	18,000	11,656	6,344
Buildings	400,000	400,000	-	400,000
Equipment	974,400	974,400	864,231	110,169
Capitalized contracts	5,204,500	5,204,500	4,127,878	1,076,622
Total expenditures	<u>12,458,352</u>	<u>12,458,352</u>	<u>11,368,157</u>	<u>1,090,195</u>
Revenue over (under) expenditures	<u>(4,696,003)</u>	<u>(4,696,003)</u>	<u>(3,374,531)</u>	<u>1,321,472</u>
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	10,000	10,000	51,112	41,112
Transfers in	3,872,265	3,872,265	4,102,464	230,199
Total other financing sources (uses)	<u>3,882,265</u>	<u>3,882,265</u>	<u>4,153,576</u>	<u>271,311</u>
Net change in fund balance	<u>\$ (813,738)</u>	<u>\$ (813,738)</u>	<u>779,045</u>	<u>\$ 1,592,783</u>
Fund balance at beginning of year			1,013,738	
Encumbrance credit			41,210	
Fund balance at end of year			<u>\$ 1,833,993</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amount Budgetary Basis</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Other client services	\$ 14,096	\$ 14,096	\$ 3,751	\$ 10,345
Total expenditures	14,096	14,096	3,751	10,345
Other Financing Sources (Uses):				
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>\$ (9,096)</u>	<u>\$ (9,096)</u>	1,249	<u>\$ 10,345</u>
Fund balance at beginning of year			12,356	
Fund balance at end of year			<u>\$ 13,605</u>	

Lancaster County, Nebraska
Combining Statement of Net Position
Internal Service Funds
June 30, 2016

	Workers'	Other Self	Group	Total
	Compensation	Insurance Loss	Insurance	
Assets:				
Current assets:				
Cash, including investments	\$ 601,717	\$ 2,698,762	\$ 7,312,548	\$ 10,613,027
Accounts receivable	1,546	-	10,245	11,791
Interest receivable	268	1,320	-	1,588
Total current assets	<u>603,531</u>	<u>2,700,082</u>	<u>7,322,793</u>	<u>10,626,406</u>
Liabilities:				
Current liabilities:				
Accounts payable	81,149	2,098	74,827	158,074
Claims payable	932,367	923,035	582,000	2,437,402
Accrued salaries	2,972	-	-	2,972
Current portion - accrued compensated absences	8,000	-	-	8,000
Total current liabilities	<u>1,024,488</u>	<u>925,133</u>	<u>656,827</u>	<u>2,606,448</u>
Noncurrent liabilities:				
Accrued compensated absences	48,701	-	-	48,701
Total liabilities	<u>1,073,189</u>	<u>925,133</u>	<u>656,827</u>	<u>2,655,149</u>
Net position:				
Unrestricted	<u>\$ (469,658)</u>	<u>\$ 1,774,949</u>	<u>\$ 6,665,966</u>	<u>\$ 7,971,257</u>

Lancaster County, Nebraska

Combining Statement of Revenues, Expenses, and Changes in Net Position Internal Service Funds Year Ended June 30, 2016

	Workers' Compensation	Other Self Insurance Loss	Group Insurance	Total
Operating revenues:				
Charges for services	\$ 653,913	\$ 376,914	\$ 13,070,379	\$ 14,101,206
Other insurance reimbursements	3,041	19,580	54	22,675
Total operating revenues	656,954	396,494	13,070,433	14,123,881
Operating expenses:				
Insurance	356,299	254,311	9,199,399	9,810,009
Contractual	309,020	53,897	1,134,085	1,497,002
Wages and benefits	150,542	-	-	150,542
Other	53,981	-	61,776	115,757
Rental	5,114	-	-	5,114
Supplies	368	-	-	368
Claims reserve adjustment	(90,166)	(6,052)	(96,871)	(193,089)
Total operating expenses	785,158	302,156	10,298,389	11,385,703
Operating income (loss)	(128,204)	94,338	2,772,044	2,738,178
Nonoperating revenues:				
Interest	1,973	7,070	-	9,043
Total nonoperating revenue	1,973	7,070	-	9,043
Income (loss) before contributions and transfers	(126,231)	101,408	2,772,044	2,747,221
Transfers in	700,000	1,304,050	-	2,004,050
Change in net position	573,769	1,405,458	2,772,044	4,751,271
Total net position-beginning of year	(1,043,427)	369,491	3,893,922	3,219,986
Total net position-end of year	\$ (469,658)	\$ 1,774,949	\$ 6,665,966	\$ 7,971,257

Lancaster County, Nebraska
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2016

	Workers'	Other Self	Group	Total
	Compensation	Insurance Loss	Insurance	
Cash flows from operating activities:				
Cash received for services	\$ 653,913	\$ 376,914	\$ 13,070,379	\$ 14,101,206
Cash received from insurance companies	3,041	19,580	54	22,675
Cash payments for claims	(814,867)	(322,532)	(10,628,332)	(11,765,731)
Net cash flow from operating activities	(157,913)	73,962	2,442,101	2,358,150
Cash flows from non-capital financing activities:				
Transfers from other funds	700,000	1,304,050	-	2,004,050
Net cash flow from non-capital financing activities	700,000	1,304,050	-	2,004,050
Cash flows from investing activities:				
Interest on investments	1,973	7,070	-	9,043
Net cash flow from investing activities	1,973	7,070	-	9,043
Change in cash and cash equivalents	544,060	1,385,082	2,442,101	4,371,243
Cash and cash equivalents-beginning of the year	57,657	1,313,680	4,870,447	6,241,784
Cash and cash equivalents-end of the year	<u>\$ 601,717</u>	<u>\$ 2,698,762</u>	<u>\$ 7,312,548</u>	<u>\$ 10,613,027</u>
Reconciliation of operating income (loss) to net cash flow from operating activities:				
Operating income (loss)	\$ (128,204)	\$ 94,338	\$ 2,772,044	\$ 2,738,178
Adjustments to reconcile operating income (loss) to net cash flow from operating activities:				
Change in accounts receivable	(1,546)	-	3,170	1,624
Change in interest receivable	(268)	(831)	-	(1,099)
Change in accrued liabilities	62,271	(13,493)	(158,113)	(109,335)
Change in claims payable	(90,166)	(6,052)	(175,000)	(271,218)
Net cash flow from operating activities	<u>\$ (157,913)</u>	<u>\$ 73,962</u>	<u>\$ 2,442,101</u>	<u>\$ 2,358,150</u>

Lancaster County, Nebraska
Combining Statement of Fiduciary Net Position
Employee Benefit Trust Funds
June 30, 2016

	Pension Trust Fund	OPEB Trust Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Investments:			
Cash management fund	\$ -	\$ 145,750	\$ 145,750
Stable value fund	39,844,430	-	39,844,430
Mutual funds - domestic equities	48,464,108	337,783	48,801,891
Mutual funds - international equities	19,091,698	41,437	19,133,135
Mutual funds - balanced funds	2,771,902	6,220,424	8,992,326
Other fixed income	12,197,307	24,873	12,222,180
Employee contributions receivable	95,000	-	95,000
Employer contributions receivable	134,448	-	134,448
Total assets	<u>122,598,893</u>	<u>6,770,267</u>	<u>129,369,160</u>
Liabilities:			
Due to others	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Net position:			
Held in trust for employee benefits	<u>122,598,893</u>	<u>6,770,267</u>	<u>129,369,160</u>
Total net position	<u>\$ 122,598,893</u>	<u>\$ 6,770,267</u>	<u>\$ 129,369,160</u>

Lancaster County, Nebraska
Combining Statement of Changes in Fiduciary Net Position
Employee Benefit Trust Funds
Year Ended June 30, 2016

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total</u>
Additions:			
Contributions:			
Employee	\$ 2,535,714	\$ -	\$ 2,535,714
Employer	3,634,762	768,582	4,403,344
Forfeitures	89,873	-	89,873
Rollovers	354,834	-	354,834
Total contributions	<u>6,615,183</u>	<u>768,582</u>	<u>7,383,765</u>
Investment income:			
Net appreciation in fair value of investments	(4,373,569)	22,982	(4,350,587)
Dividends and interest	2,927,049	-	2,927,049
Miscellaneous	(8,077)	(46,553)	(54,630)
Total net investment income	<u>(1,454,597)</u>	<u>(23,571)</u>	<u>(1,478,168)</u>
Total additions	<u>5,160,586</u>	<u>745,011</u>	<u>5,905,597</u>
Deductions:			
Benefits paid	7,495,490	331,213	7,826,703
Forfeitures	212,182	-	212,182
Total deductions	<u>7,707,672</u>	<u>331,213</u>	<u>8,038,885</u>
Change in net position	(2,547,086)	413,798	(2,133,288)
Net position - beginning of year	<u>125,145,979</u>	<u>6,356,469</u>	<u>131,502,448</u>
Net position - end of year	<u>\$ 122,598,893</u>	<u>\$ 6,770,267</u>	<u>\$ 129,369,160</u>

Lancaster County, Nebraska
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2016

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Assessor/ Register of Deeds</u>				
Assets				
Cash, including investments	\$ 308,055	\$ 5,029,639	\$ 5,073,210	\$ 264,484
Total assets	<u>\$ 308,055</u>	<u>\$ 5,029,639</u>	<u>\$ 5,073,210</u>	<u>\$ 264,484</u>
Liabilities				
Due to others	\$ 308,055	\$ 5,029,639	\$ 5,073,210	\$ 264,484
Total liabilities	<u>\$ 308,055</u>	<u>\$ 5,029,639</u>	<u>\$ 5,073,210</u>	<u>\$ 264,484</u>
<u>Community Corrections</u>				
Assets				
Cash, including investments	\$ 5,562	\$ 272,024	\$ 274,514	\$ 3,072
Total assets	<u>\$ 5,562</u>	<u>\$ 272,024</u>	<u>\$ 274,514</u>	<u>\$ 3,072</u>
Liabilities				
Due to others	\$ 5,562	\$ 272,024	\$ 274,514	\$ 3,072
Total liabilities	<u>\$ 5,562</u>	<u>\$ 272,024</u>	<u>\$ 274,514</u>	<u>\$ 3,072</u>
<u>Extension Board</u>				
Assets				
Cash, including investments	\$ 158,370	\$ 48,357	\$ 51,240	\$ 155,487
Total assets	<u>\$ 158,370</u>	<u>\$ 48,357</u>	<u>\$ 51,240</u>	<u>\$ 155,487</u>
Liabilities				
Due to others	\$ 158,370	\$ 48,357	\$ 51,240	\$ 155,487
Total liabilities	<u>\$ 158,370</u>	<u>\$ 48,357</u>	<u>\$ 51,240</u>	<u>\$ 155,487</u>
<u>Public Building Commission</u>				
Assets				
Cash, including investments	\$ 2,100,422	\$ 31,451,771	\$ 21,271,097	\$ 12,281,096
Total assets	<u>\$ 2,100,422</u>	<u>\$ 31,451,771</u>	<u>\$ 21,271,097</u>	<u>\$ 12,281,096</u>
Liabilities				
Due to others	\$ 2,100,422	\$ 31,451,771	\$ 21,271,097	\$ 12,281,096
Total liabilities	<u>\$ 2,100,422</u>	<u>\$ 31,451,771</u>	<u>\$ 21,271,097</u>	<u>\$ 12,281,096</u>

Lancaster County, Nebraska
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2016

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Railroad Transportation Safety District</u>				
Assets				
Cash, including investments	\$ 14,094,050	\$ 3,399,133	\$ 1,325,234	\$ 16,167,949
Total assets	<u>\$ 14,094,050</u>	<u>\$ 3,399,133</u>	<u>\$ 1,325,234</u>	<u>\$ 16,167,949</u>
Liabilities				
Due to others	\$ 14,094,050	\$ 3,399,133	\$ 1,325,234	\$ 16,167,949
Total liabilities	<u>\$ 14,094,050</u>	<u>\$ 3,399,133</u>	<u>\$ 1,325,234</u>	<u>\$ 16,167,949</u>
<u>Flexible Employee Benefits Account (FEBA)</u>				
Assets				
Cash, including investments	\$ 5,095	\$ 464,571	\$ 471,749	\$ (2,083)
Total assets	<u>\$ 5,095</u>	<u>\$ 464,571</u>	<u>\$ 471,749</u>	<u>\$ (2,083)</u>
Liabilities				
Due to others	\$ 5,095	\$ 464,571	\$ 471,749	\$ (2,083)
Total liabilities	<u>\$ 5,095</u>	<u>\$ 464,571</u>	<u>\$ 471,749</u>	<u>\$ (2,083)</u>
<u>Tax collection and distribution accounts</u>				
Assets				
Cash, including investments	\$ 15,873,593	\$ 1,150,443,873	\$ 1,148,592,011	\$ 17,725,456
Total assets	<u>\$ 15,873,593</u>	<u>\$ 1,150,443,873</u>	<u>\$ 1,148,592,011</u>	<u>\$ 17,725,456</u>
Liabilities				
Due to others	\$ 15,873,593	\$ 1,150,443,873	\$ 1,148,592,011	\$ 17,725,456
Total liabilities	<u>\$ 15,873,593</u>	<u>\$ 1,150,443,873</u>	<u>\$ 1,148,592,011</u>	<u>\$ 17,725,456</u>
<u>Clerk of the District Court Trust</u>				
Assets				
Cash, including investments	\$ 2,320,681	\$ 10,211,863	\$ 9,209,981	\$ 3,322,563
Total assets	<u>\$ 2,320,681</u>	<u>\$ 10,211,863</u>	<u>\$ 9,209,981</u>	<u>\$ 3,322,563</u>
Liabilities				
Due to others	\$ 2,320,681	\$ 10,211,863	\$ 9,209,981	\$ 3,322,563
Total liabilities	<u>\$ 2,320,681</u>	<u>\$ 10,211,863</u>	<u>\$ 9,209,981</u>	<u>\$ 3,322,563</u>

Lancaster County, Nebraska
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2016

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Sheriff - Attorney Trust Account</u>				
Assets				
Cash, including investments	\$ 49,049	\$ 3,745	\$ 8,271	\$ 44,523
Total assets	<u>\$ 49,049</u>	<u>\$ 3,745</u>	<u>\$ 8,271</u>	<u>\$ 44,523</u>
Liabilities				
Due to others	\$ 49,049	\$ 3,745	\$ 8,271	\$ 44,523
Total liabilities	<u>\$ 49,049</u>	<u>\$ 3,745</u>	<u>\$ 8,271</u>	<u>\$ 44,523</u>
<u>Corrections - Inmate/Commissary</u>				
Assets				
Cash, including investments	\$ 150,340	\$ 4,274,050	\$ 4,302,773	\$ 121,617
Total assets	<u>\$ 150,340</u>	<u>\$ 4,274,050</u>	<u>\$ 4,302,773</u>	<u>\$ 121,617</u>
Liabilities				
Due to others	\$ 150,340	\$ 4,274,050	\$ 4,302,773	\$ 121,617
Total liabilities	<u>\$ 150,340</u>	<u>\$ 4,274,050</u>	<u>\$ 4,302,773</u>	<u>\$ 121,617</u>
<u>Youth Services Center - Resident</u>				
Assets				
Cash, including investments	\$ (309)	\$ 43,664	\$ 43,569	\$ (214)
Total assets	<u>\$ (309)</u>	<u>\$ 43,664</u>	<u>\$ 43,569</u>	<u>\$ (214)</u>
Liabilities				
Due to others	\$ (309)	\$ 43,664	\$ 43,569	\$ (214)
Total liabilities	<u>\$ (309)</u>	<u>\$ 43,664</u>	<u>\$ 43,569</u>	<u>\$ (214)</u>
<u>Total - all agency funds</u>				
Assets				
Cash, including investments	\$ 35,064,908	\$ 1,205,642,690	\$ 1,190,623,649	\$ 50,083,949
Total assets	<u>\$ 35,064,908</u>	<u>\$ 1,205,642,690</u>	<u>\$ 1,190,623,649</u>	<u>\$ 50,083,949</u>
Liabilities				
Due to others	\$ 35,064,908	\$ 1,205,642,690	\$ 1,190,623,649	\$ 50,083,949
Total liabilities	<u>\$ 35,064,908</u>	<u>\$ 1,205,642,690</u>	<u>\$ 1,190,623,649</u>	<u>\$ 50,083,949</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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 7, 2017.

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

February 7, 2017
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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2016.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

February 7, 2017
Wichita, Kansas

LANCASTER COUNTY, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2016

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued on whether the financial Statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? 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 that are not considered to be material weaknesses? Yes X None reported
- Type of auditor's report, issued on compliance for major federal programs: See below

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>
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Unmodified
21.000	Equitable Sharing Program	Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) Yes X No

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X Yes No

LANCASTER COUNTY, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**YEAR ENDED JUNE 30, 2016
(CONTINUED)**

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported

LANCASTER COUNTY, NEBRASKA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2016

No matters were reported

LANCASTER COUNTY, NEBRASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Subrecipient Amounts
Department of Agriculture Pass-Through Programs From:				
Nebraska Department of Education				
National School Lunch Program - Detention Center	10.555	47600648201	\$ 66,285	\$ -
Total Department of Agriculture			66,285	-
Department of Justice Direct Programs				
BJA - Drug Court Discretionary Grant	16.585		76,193	61,396
BJA - State Criminal Alien Assistance Program (SCAAP)	16.606		38,905	-
BJA - Second Chance Act Prisoner Reentry Initiative	16.812		45,835	-
OVW - Grants to Encourage Arrest Policies & Enforcement of Protection Orders	16.590		90,446	84,138
Equitable Sharing Program- Justice Funds	16.922		77,824	-
Subtotal Department of Justice Direct Programs			329,203	145,534
Department of Justice Pass-Through Programs From:				
Nebraska Commission on Law Enforcement and Juvenile Justice and Delinquency Prevention - Title II				
Violence Against Women Formula Grants	16.540	13-JJ-05, 14-JJ-01, 14-JJ-18	52,993	52,993
	16.588	14-VW-704	185,078	139,030
Subtotal Department of Justice Pass-Through Programs			238,071	192,023
Total Department of Justice			567,274	337,557
Department of Treasury Direct Programs				
Equitable Sharing Program- Treasury Funds	21.000	NB055013A, NB0550000	591,228	-
Total Department of Justice			591,228	-
Department of Transportation Pass-Through Programs From:				
Nebraska Office of Highway Safety				
FHA - Highway Planning & Construction	20.205	Click It or Ticket; You Drink You Drive You Lose	15,584	-
National Priority Safety Programs	20.616	IACP DRE	11,937	-
Total Department of Transportation			27,521	-
Department of Homeland Security Pass-Through Programs From:				
State of Nebraska Emergency Management Agency				
Federal Disaster Grant	97.036	FEMA-4225-DR-NE	867,489	-
Emergency Management Performance Grant	97.042	EMW-2015-EP-00049-S01, EMW-2015-EP-00051-SO1	228,555	-
State Homeland Security Program	97.067	EMW-2015-SS-00079-S01	206,160	-
Total Department of Homeland Security			1,302,204	-
Department of Health and Human Services Direct Programs:				
Substance Abuse and Mental Health Services Administration - Enhancing Adult Drug Court Services				
	93.243	1 H79 TI4 25927-01	189,449	-
Subtotal Department of Health and Human Services			189,449	-
Department of Health and Human Services Pass-Through Programs From:				
Nebraska Department of Health and Human Services				
ACF - Promoting Safe and Stable Families	93.556	G-1401NEPSS	104,500	-
Subtotal State of Nebraska Department of Health and Human Services			104,500	-

The accompanying notes are an integral part of this schedule

LANCASTER COUNTY, NEBRASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2016

Nebraska Department of Social Services					
ACF- Child Support Enforcement, County Attorney	93.563	1604NECSES	\$	1,073,944	-
ACF- Child Support Enforcement, Clerk of District Court	93.563	1604NECSES		325,985	-
ACF- Child Support Enforcement, Bailiff District Court	93.563	1604NECSES		229,225	-
<i>Subtotal State of Nebraska Department of Social Services</i>				<u>1,629,154</u>	-
<i>Subtotal for Department of Health and Human Services</i>				<u>1,733,654</u>	-
<i>Total Department of Health and Human Services</i>				<u>1,923,103</u>	-
Department of the Interior					
U.S. Entitlement Lands	15.226			20,789	-
<i>Total Department of the Interior</i>				<u>20,789</u>	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$	<u>4,498,404</u>	\$ <u>337,557</u>

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, 2016

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Lancaster County, Nebraska (the County). The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is presented on the accrual basis of accounting.

NOTE C - INDIRECT COST RATE

The County has elected not to use the 10-percent de minimis indirect cost rate allowed under Section 200.414(f) of the Uniform Guidance.