

**STAFF MEETING MINUTES
LANCASTER COUNTY BOARD OF COMMISSIONERS
COUNTY-CITY BUILDING
BILL LUXFORD STUDIO (ROOM 113)
THURSDAY, JULY 17, 2014
8:30 A.M.**

Commissioners Present: Larry Hudkins, Chair
Brent Smoyer, Vice Chair
Deb Schorr
Jane Raybould
Roma Amundson

Others Present: Kerry Eagan, Chief Administrative Officer
Gwen Thorpe, Deputy Chief Administrative Officer
Dan Nolte, County Clerk
Angela Zocholl, County Clerk's Office

Advance public notice of the Board of Commissioners Staff Meeting was posted on the County-City Building bulletin board and the Lancaster County, Nebraska, web site and provided to the media on July 16, 2014.

The Chair noted the location of the Open Meetings Act and opened the meeting at 8:32 a.m.

AGENDA ITEM

1 APPROVAL OF THE MINUTES OF THE JULY 15, 2014, STAFF MEETING

MOTION: Smoyer moved and Raybould seconded approval of the minutes of the July 15, 2014 Staff Meeting. Schorr, Smoyer, Raybould and Hudkins voted aye. Amundson was absent. Motion carried 4-0.

2 ADDITIONS TO AGENDA

A. Public Building Commission (PBC) Meeting Report

MOTION: Smoyer moved and Schorr seconded approval of the addition to the agenda. Smoyer, Raybould, Schorr and Hudkins voted aye. Amundson was absent. Motion carried 4-0.

3 VIDEO CONFERENCING - Honorable Steven D. Burns; Corey Steel, Nebraska State Court Administrator; Chad Dalton, Information Services

A document on the video conference project was distributed (Exhibit A).

Judge Steven Burns said the intent is to equip two courtrooms in County Court, four courtrooms in Juvenile Court and eight courtrooms in the District Court, as well as one referee hearing room in District Court. He said this would allow for universal access (not solely limited to one location or one technology.)

The County Board initially approved \$200,000 for the project but, upon further testing of the technology, it was discovered that additional funds would be needed. Judge Burns said the question now becomes justifying the additional cost and acquiring the funding.

Amundson entered the meeting at 8:36 a.m.

Judge Burns said page three of Exhibit A shows the financial breakdown of the project. He felt a decision now needs to be made as to whether this project will be limited to just the jail, thus, eliminating the universal connectivity component (Polycom Cloud Axis), or to move forward as originally envisioned. The budget shortfall is estimated to be \$136,000. Burns discussed the economic and non-economic benefits and the potential transportation savings. He added that the County Board had previously asked for a cost benefit analysis which was found to be very difficult to calculate. He noted discussions ensued with the Nebraska Department of Corrections regarding equipping their facilities with video conferencing which would also impact transportation costs. He also pointed out that moving fewer inmates would increase public and staff safety. Judge Burns said the Nebraska Department of Corrections is excited about the project and would have the funding available to complete the technology on their end.

Judge Burns then provided an overview of prisoner transports (Exhibit A, page 8) noting the estimated annual cost was \$115,565.76. Realistically, he felt 40-50% of this figure could be saved, spread out over the next few years, by completing the video conferencing project and thought this was a significant enough number to justify the cost.

Corey Steel, Nebraska State Court Administrator, said statewide technology is a huge priority for the State Courts. Other jurisdictions often ask about video conferencing and he refers them to Lancaster County as it is the best model available. He said his office fully supports the project and has been reviewing potential funding options. While he could not commit any State money, Steel said he is trying to justify a commitment of future funding in order to promote a good statewide infrastructure for technology. He added he will also continue to advocate for the project with other State agencies.

Hudkins asked if it would be feasible for the County to only fund half of the project this budget year and whether any Polycom grants would be available. Jennifer Kulwicki, District Court Administrator, said the grant cycle is nearing its end and, to date, nothing has been found. She added other grant options are being pursued.

Schorr said one or more Juvenile Court Judges previously mentioned that they prefer to see kids in person which would negate the need for equipping all juvenile courtrooms in the short term. Teresa Emmert, Juvenile Court Administrator, said the judges were referring primarily to detention hearings. She noted that while equipping all of the courtrooms would be ideal, they would like to have the technology available in at least two. Steel said since all the juvenile probation offices across the State have video conferencing equipment, the addition of the Lancaster County Juvenile Court would be a good enhancement.

Schorr questioned the feasibility of phasing in the District Court courtrooms. Judge Burns said they are willing to continue with phasing in courtrooms but would like to know where the Commissioners stand in terms of supporting the project.

Raybould questioned the potential of obtaining additional funding from the Nebraska Department of Corrections. Judge Burns said the State is aware of the costs but he did not know if they would have money available this budget cycle.

With regard to universal connectivity, Chad Dalton, Information Services, explained that while most places use standard video communication, some use Facetime, Skype, etc. The universal piece, estimated to cost \$40,000, would allow communication across all technologies. Amundson said it appears this would be essential in order to make a true statewide system work.

Schorr confirmed there is no additional funding available through the Keno Fund above what has already been designated. She questioned whether the universal piece could be reprioritized and other components delayed until the next budget year. Judge Burns agreed that the project's component can be reallocated. Hudkins felt the Polycom Cloud Axis piece would be a priority.

Smoyer said while the County Board obviously supports the project, funding may need to be spread out over a couple budget years. Schorr added that the Board's initial \$200,000 investment in the project was also a strong sign of support. Judge Burns said they would continue to look for other funding options knowing the Board supports the project in its entirety.

For the record, Hudkins indicated that the County Board unanimously supports the project and will continue to work out the financial details.

4 JUNE 30, 2014 AUDIT - Shelly Hammond, Senior Vice President, Assurance Services, Allen, Gibbs & Houlik (AGH), L.C.

Shelly Hammond distributed a letter regarding the audit process (Exhibit B) and provided a brief overview. She noted work is now underway on the June 30, 2014, year-end audits (Lancaster County, Community Mental Health Center, Correctional Facility Joint Public Agency and Public Building Commission). Information is being gathered and discussions are being held with staff.

Hudkins indicated the County is very pleased with AGH's progress and appreciates the dedication of additional resources to complete the audits in a timely fashion. Hammond said Dennis Meyer and Liz Thanel of the Budget & Fiscal Office have been very helpful. She asked if there were any other issues or concerns they should focus on. Hudkins mentioned the Emergency Management grants.

5 RECREATIONAL TRAIL PROGRAM GRANT FOR WILDERNESS PARK BRIDGE (BETWEEN S. 14TH STREET AND SALTILLO ROAD) - Terry Genrich, Natural Resources and Greenways Manager, Lincoln Parks & Recreation

Terry Genrich, Natural Resources and Greenways Manager, Lincoln Parks & Recreation, said financial assistance is being sought for constructing a second new bridge in Wilderness Park. He said the grant application needs to be submitted by the County, as owners of the Park, and he requested that a resolution be prepared for this purpose. He noted the City will also submit a resolution indicating that if the grant is approved, it will take over the project based on its agreement with the County to manage the park. Genrich confirmed that since the City will be providing the funding for the project, the County will not have any financial obligation.

Smoyer exited the meeting at 9:19 a.m.

MOTION: Schorr moved and Raybould seconded to authorize the preparation of the resolution. Raybould, Amundson, Schorr and Hudkins voted aye. Smoyer was absent. Motion carried 4-0.

Eagan indicated he would schedule this item on the July 22, 2014, Board of Commissioners meeting agenda.

Smoyer entered the meeting at 9:20 a.m.

ADMINISTRATIVE OFFICER REPORT

A. Authority of Constables

Amundson said a constituent called her about this issue and she asked that discussion be delayed so he could attend a future meeting.

As a point of reference, Eagan said courts, not counties, have authority over constables. He added private constables are basically process servers, although, the Sheriff's Office also serves warrants.

Amundson said the constituent questioned the constable's boundaries, supervision, standards of conduct and recourse for citizens with complaints. Eagan recommended the constituent contact Judge Strong in County Court. Amundson said she would relay that information.

B. Responsibility for Undocumented Immigrant Children

Amundson noted that Governor Heineman had indicated there are at least 200 undocumented immigrant children in Nebraska and questioned the County's responsibility. Eagan said the County has no authority under General Assistance, by both state statute and County rules, to provide such assistance to undocumented immigrant children. Amundson questioned assistance through the Lincoln-Lancaster County Health Department. Schorr felt they would refer these folks to various non-profit providers in the community.

C. Legislative Proposal Memo

Eagan said a copy of this year's proposed memo to department heads is in the packet. He added he has been compiling a list of legislative issues which have been brought up throughout the year including: fee increases, locksmith statutes, property tax reduction, release of financial information on estates, 300,000 population threshold and sex offender treatment.

Raybould asked about a contract related to pre and post adjudication. Brittany Behrens, Deputy County Attorney, said a meeting has been set up for tomorrow morning. She explained that addressing all the issues, including billing, surrounding LB 561 (change provisions and transfer responsibilities regarding the juvenile justice system) and LB 464 (change provisions relating to the juvenile justice system, arraignment, court jurisdiction, services for juveniles and families and truancy) has not been easy. She felt the new language in LB 464 is clear for both sides and expected far fewer issues in the future. Behrens added that the detention contract with Health and Human Services (HHS) was also received.

Schorr felt it would be helpful to invite both incoming candidates and outgoing State Senators to the Legislative Retreat (scheduled for Thursday, August 14, 2014 at 8:30 a.m., at the Lincoln Public Schools District Offices, 5905 "O" Street).

6 PENDING AND POTENTIAL LITIGATION - Brittany Behrens, Deputy County Attorney

7 LABOR NEGOTIATIONS - Doug McDaniel, Human Resources Director; Richard Grabow, Deputy County Attorney; Nicole Gross and Amy Sadler, Compensation Technicians

MOTION: Smoyer moved and Raybould seconded to enter Executive Session at 9:32 a.m. for the purpose of protecting the public interest with regards to pending and potential litigation and labor negotiations.

The Chair restated the motion for the record.

ROLL CALL: Amundson, Raybould, Schorr, Smoyer and Hudkins voted aye. Motion carried 5-0.

MOTION: Schorr moved and Raybould seconded to exit Executive Session at 10:19 a.m. Raybould, Amundson, Schorr, Smoyer and Hudkins voted aye. Motion carried 5-0.

ADDITION TO THE AGENDA

A. Public Building Commission (PBC) Meeting Report

Raybould noted the dress code issue was thoroughly covered by the media. With regard to the sally port, the PBC was informed that they are required to maintain a third stairwell which will complicate things during the demolition process. Thus, a recommendation was made to delay the release of construction drawings so this element could be included. Employee parking in the north lot (lower level) was also discussed.

8 ACTION ITEMS

There were no action items.

9 CONSENT ITEMS

There were no consent items.

10 ADMINISTRATIVE OFFICER REPORT

- A. Authority of Constables
- B. Responsibility for Undocumented Immigrant Children
- C. Legislative Proposal Memo

Items A-C were moved forward on the agenda.

11 PENDING

There were no pending items.

12 DISCUSSION OF BOARD MEMBER MEETINGS

A. District Energy Corporation (DEC) - Hudkins/Schorr

Schorr said a normal operations update was provided. A resolution was passed as part of the financial report to allocate funds to do a more comprehensive study on the building across the street based off anticipated greater demand in the future. A summary was also provided on the IDEA Conference in Seattle.

Hudkins said the IDEA Conference provided great networking opportunities with similar jurisdictions in other states and countries. He said an expansion of District Energy is being explored along the 15th Street corridor (Pershing Auditorium, the Federal Building, Historical Society, etc.).

B. Parks and Recreation Futures Committee - Hudkins

Hudkins said he was unable to attend the Parks and Recreation meeting due to a conflict with the Adult Reporting Center tour.

13 EMERGENCY ITEMS AND OTHER BUSINESS

There were no emergency items or other business.

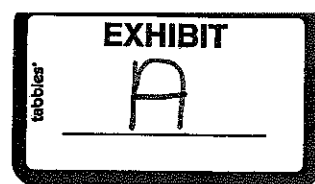
14 ADJOURNMENT

MOTION: Schorr moved and Smoyer seconded to adjourn the meeting at 10:28 a.m. Amundson, Raybould, Smoyer, Schorr and Hudkins voted aye. Motion carried 5-0.



Dan Nolte
Lancaster County Clerk





Video Conference Project Lancaster County, Nebraska

July, 2014

Goal

Provide video-conferencing capabilities for all courts and referee for all criminal and civil matters in Lancaster County, Nebraska.

Scope of Project

County Court: Equip two courtrooms with video-conferencing equipment usable by the court and viewable by the public. Provide a private video conference consultation room for attorney-client communication and video-conference telephones for attorney-client communication.

Juvenile Court: Equip four courtrooms with video-conferencing equipment usable by the court. Provide a private video conference consultation room for attorney-client communication.

District Court: Equip eight courtrooms and one referee hearing room with video-conferencing equipment usable by the court and viewable by the public. Two private video-conference consultation rooms for attorney-client communication and video-conference telephones for attorney-client communication.

County Jail: Equip the jail with two video-conference locations where inmates can participate in court hearings by video conference. Provide locations near the jail hearing rooms where inmates may conduct private conversations with their attorney.

County Juvenile Detention Center: Equip the Center with a video-conference location where juveniles can participate in court hearings by video conference. Provide one location for juveniles to conduct private conversations with their attorney.

Universal Access: Provide access to video conference hearings using any video software (Facetime, Jabber, Skype, etc.). This will permit attorneys, expert witnesses, interpreters, and correctional facilities not within the Lancaster County internet system to access the Lancaster County video-conference system.

Present Situation

In the fall of 2013, the Lancaster County Commissioners authorized the expenditure of \$200,000 to provide video conferencing for the courts. At that time, it was believed each courtroom would cost about \$11,000 to equip with video-conferencing equipment.

It was decided to equip one courtroom and experiment with the appropriate set up. One District Court courtroom was used to set up what was believed to be a workable video-conferencing system that would be within the \$11,000 estimate. Audio feedback among the various participants within the courtroom was not able to be overcome, and this resulted in poor audio quality and volume at remote locations. Despite efforts to overcome these difficulties, it was concluded that the anticipated system would not be successful. As the opening of the new jail was coming in a few months, the experimentation switched to a county courtroom. The current video conferencing system was developed in that courtroom. The cost of the successful approach is about \$17,000 per courtroom. It is a Polycom-based system with excellent video and audio capabilities.

County Court: At the current time, there is one county courtroom (Courtroom #22) equipped with video-conferencing equipment. The county court also has a separate video-conferencing system for private attorney-client communications. There are also video-conferencing telephones available in the hallway associated with the video-conference courtroom. County Courtroom #22 is in use virtually all day every day with hearings involving inmates at the county jail. The demand for use of the courtroom is exceeding its availability. Use is restricted to the Lancaster County Jail at this time.

District Court: District Court judges have been using County Court courtroom #22 to develop our processes with the jail. Currently, each morning before county court hearings begin, those picked up on bench warrants for child support contempt have bond or hearings for contempt admissions. Each Wednesday, felony arraignments are conducted for people incarcerated at the Lancaster County jail. Use is restricted to the Lancaster County Jail at this time.

Juvenile Court: Juvenile Court has a mobile video conferencing cart that is a loaner from the IS Department to permit those judges to develop methods of conducting video conference hearings. The juvenile court has used their system a number of times for hearings involving those at the two Youth Rehabilitation Treatment Centers. The mobile cart system is a bit more expensive than a permanent installation in a courtroom.

Jail: The jail has one video-conferencing center that is in use all day every day. There is a separate room off the holding room of the video conferencing-center where inmates can have private conversations with their attorneys.

Finances

Item	Expense	Balance
Work that has been Completed		
Keno Funds allocated by Lancaster County Commissioners		\$200,000
System tested in District Court	-\$5,127	
County Courtroom #22	-\$24,032	
Attorney Client consultation room and video phones	-\$5,389	
Jail video conferencing equipment	-\$10,747	
Cart for Juvenile Court video conferencing equipment	-\$665	
2 Cameras for use in Juvenile Court attorney-client conference	-\$7,952	
Cabling	-\$5,664	
Total spent thus far	-\$59,576	\$140,424
Needed to fulfill the Project as Conceived in 2013		
1 County Courtroom at \$17,000 per courtroom	-\$17,000	
8 District Courtroom at \$17,000 per courtroom	-\$136,000	
1 District Court Referee Hearing Room	-\$17,000	
4 Juvenile Courtrooms at \$17,000 per courtroom ³	-\$68,000	
2 Attorney-client private video conference rooms for District Court ⁴	-\$10,000	
1 Attorney-client private video conference room for Juvenile Court	-\$4,500	
4 Video conference hall phones for District Court	-\$3,593	
1 Video conference hall phone for Juvenile Court	-\$898	
Polycom Cloud Axis	-\$39,832	
Jail savings fund	\$20,000	
Needed to Complete the Project	\$276,823	-\$136,581

³ It is expected that the Juvenile Court costs will be slightly higher per courtroom because of the configuration of the courtrooms and the number of participants. It is unknown at this time what that additional cost might be.

⁴ The Building Commission is providing building remodeling of four telephone booths.

Current Benefits

Economic Benefit

- ☐ Reduce transportation between the Jail and Courthouse

Non-economic Benefits

- ☐ Improved public and staff safety through reduced transportation from the County Jail

Transportation savings from the Lancaster County Jail first 10 months

	Travel Time	Time clearing facility	Court Time	Hourly Rate	Personnel Costs	Mileage	Rate	Mileage cost	Cost/trip	trips	Total Savings
Jail	20 min	30 min		\$ 50.00	\$ 41.70	10	\$ 0.54	\$ 5.40	47.1	418	\$ 19,687.80

Based on approximately 7500 video conference hearings over 209 court days with an average of two transports per day involving two officers.

Does not include time savings to the County Attorney, Public Defender and Courts

Future Benefits

Economic Benefit from Completed Project

- ☐ Reduce transportation between County Juvenile Detention facility and Courthouse
- ☐ Reduce transportation between State Juvenile Detention facilities
- ☐ Reduce transportation between State Correctional facilities (saving both county and state) See following page for information regarding transportation done by the Sheriff in the past 12 months.
- ☐ Increase transportation savings between County Jail and the Courts
- ☐ Reduce Appointed Attorney fees
- ☐ Reduce Guardian ad Litem fees
- ☐ Reduce Interpreter fees
- ☐ Expert witness fees¹
- ☐ Law enforcement officers time waiting to testify¹
- ☐ Reduced jail population for pretrial detention²
- ☐ Reduced cost to public and governmental entities involved in civil litigation

Non-Economic Benefit from Completed Project

- ☐ Increased public and staff safety through reduced movement of all persons in State and County custody (whether parties or witnesses)
- ☐ Fewer court continuances for unavailability of witnesses, parties, attorneys (also has an economic component)
- ☐ Access to hearings for victims, family members, and other interested persons
- ☐ Reduction in the cost and increased convenience to all involved in both civil and criminal hearings
- ☐ Provide greater public access to the courts

¹ At the current time, evidentiary hearings are not being conducted except for child support contempt matters. As use of the system becomes more comfortable it is expected that there will be at least certain types of evidentiary hearings conducted if the project is completed.

² Bond hearings by video conference will generally result in inmates being released a day earlier than live bond swearing hearings. It is also believed that video-conferencing may reduce the number of criminal defendants who fail to appear for hearings if they can appear by video conference. A failure to appear in a criminal or civil contempt matter results in the issuance of a bench warrant. When the person is picked up on the warrant, they are placed in custody at the jail until a bond hearing can be conducted. Bond hearings can usually be done a day earlier by video conference.

Cost Benefit of Additional Expenditures

At an earlier meeting with the Commissioners, there was a request for information on the cost benefit of completing the project. This is a legitimate question that ought to be asked -- and answered. Intuitively, we know that there will be savings. We have looked at trying to figure out a way to reliably quantify the predicted savings. In most instances, there are too many variables to make a reliable prediction regarding the cost saving associated with being able to do video conferences for bond swearing, being able to have a court appointed attorney appear from their office rather than traveling to the court, or having a guardian ad litem appear by video conference.

There is one cost area, however, that is capable of some relatively accurate calculation. There are still unpredictable aspects. However, the potential savings is of such a magnitude that it, by itself will justify the remainder of the project. That area is movement of prisoners from the State correctional facilities to the courts. Over the past 12 months, the Lancaster County Sheriff transported 620 prisoners from a State correctional facility to a court in Lancaster County. An estimate of the cost associated with each transportation appears on the following page.

Lancaster County Sheriff's Office Court Transportation

State Correctional Facility	Travel time	Wait time at facility	Court Time	Hourly Rate	Personnel Costs	Mileage	Rate	Mileage cost	Cost/trip	Inmates/yr	Total Cost
Community Corrections	28 min	30 min	30 min	\$45.62	\$ 66.88	16	\$0.54	\$ 8.64	\$ 75.52	24	\$ 1,812.48
Womens Corrections York	200 min	30 min	30 min	\$45.62	\$ 197.60	200	\$0.54	\$ 108.00	\$ 305.60	52	\$ 15,891.20
Diagnostic & Evaluation	36 min	30 min	30 min	\$45.62	\$ 72.96	18	\$0.54	\$ 9.72	\$ 82.68	200	\$ 16,536.00
Neb State Prison	36 min	30 min	30 min	\$45.62	\$ 72.96	18	\$0.54	\$ 9.72	\$ 82.68	144	\$ 11,905.92
Omaha Correctional Center	224 min	30 min	30 min	\$45.62	\$ 215.84	234	\$0.54	\$ 126.36	\$ 342.20	152	\$ 52,014.40
Tecumseh State Corrections	264 min	30 min	30 min	\$45.62	\$ 246.24	220	\$0.54	\$ 118.80	\$ 365.04	26	\$ 9,491.04
Youth Corrections Omaha	240 min	30 min	30 min	\$45.62	\$ 228.00	244	\$0.54	\$ 131.76	\$ 359.76	22	\$ 7,914.72
											\$ 115,565.76

Notes:

Travel Time is for travel from Sheriff's office to facility to court back to facility and back to Sheriff's office based on Mapquest.

Wait time at the facility includes the time associated with both pick up and drop off of the inmate.

Court time includes actual hearing time plus movement of the prisoner to and from the courtroom.

Hourly rate was provided by Dennis Meyer and assumes only one officer

Mileage is according to Mapquest and includes two round trips - pickup and return

This does not translate directly to trips per year as there are times more than one prisoner is moved at a time

Number of prisoners moved from a State Correctional facility has been provided by the Lancaster County Sheriff's office

Total Cost assumes a single prisoner and assumes a single deputy. There are times when more than one prisoner is transported and times when more than one officer is involved.

Sources of Funding currently being Explored

1. Lancaster County
2. State Of Nebraska
 - ☐ Judicial Branch
 - ☐ Nebraska Department of Corrections
 - ☐ Nebraska Department of Health and Human Services
3. Working with the Polycom grants division to find grants that may be available
4. Local foundation grants



Allen, Gibbs & Houlik, L.C.
CPAs & Advisors

July 15, 2014

Board of Commissioners
Lancaster County
555 South 10th Street, Room 110
Lincoln, Nebraska 68508

Dear Commissioners:

This letter is intended to communicate certain matters related to the planned scope and timing of our audits of Lancaster County, the Community Mental Health Center of Lancaster County, Lancaster County Correctional Facility Joint Public Agency, and the Lincoln/Lancaster County Public Building Commission (collectively, the "County") financial statements and compliance as of and for the year ended June 30, 2014.

Communication

Effective two-way communication between our firm and the governing body of each organization listed in the first paragraph above is important to understanding matters related to the audit and in developing a constructive working relationship.

Your insights may assist us in understanding the County and its environment, in identifying appropriate sources of audit evidence, and in providing information about specific transactions or events. We will discuss with you your oversight of the effectiveness of internal control and any areas where you request additional procedures to be undertaken. We expect that you will timely communicate with us any matters you consider relevant to the audit. Such matters might include strategic decisions that may significantly affect the nature, timing, and extent of audit procedures, your suspicion or detection of fraud or abuse, or any concerns you may have about the integrity or competence of senior management.

We will timely communicate to you any fraud involving senior management and other fraud that causes a material misstatement of the financial statements, illegal acts, instances of noncompliance, or abuse that come to our attention (unless they are clearly inconsequential), and disagreements with management and other serious difficulties encountered in performing the audit. We also will communicate to you and to management any significant deficiencies or material weaknesses in internal control that become known to us during the course of the audit. Other matters arising from the audit that are, in our professional judgment, significant and relevant to you in your oversight of the financial reporting process will be communicated to you in writing after the audit.

Independence

Our independence policies and procedures are designed to provide reasonable assurance that our firm and its personnel comply with applicable professional independence standards. Our policies address financial interests, business and family relationships, and non-audit services that may be thought to bear on independence. For example, without our permission no partner or professional employee of Allen, Gibbs & Houlik, L.C. (AGH) is permitted to have any direct financial interest or a material indirect financial interest in a client or any affiliates of a client. Also, if an immediate family member or close relative of a partner or professional employee is

employed by a client in a key position, the incident must be reported and resolved in accordance with firm policy. In addition, our policies restrict certain non-audit services that may be provided by AGH and require audit clients to accept certain responsibilities in connection with the provision of permitted non-attest services.

The Audit Planning Process

Our audit approach places a strong emphasis on obtaining an understanding of how your entity functions. This enables us to identify key audit components and tailor our procedures to the unique aspects of your operations. The development of a specific audit plan will begin by meeting with you and with management to obtain an understanding of business objectives, strategies, risks, and performance.

As part of obtaining an understanding of your organization and its environment, we will obtain an understanding of internal control. We will use this understanding to identify risks of material misstatement and noncompliance, which will provide us with a basis for designing and implementing responses to the assessed risks of material misstatement and noncompliance. We will also obtain an understanding of the users of the financial statements in order to establish an overall materiality level for audit purposes. We will conduct formal discussions among engagement team members to consider how and where your financial statements might be susceptible to material misstatement due to fraud or error or to instances of noncompliance, including abuse.

The Concept of Materiality in Planning and Executing the Audit

We apply the concept of materiality both in planning and performing the audit, evaluating the effect of identified misstatements or noncompliance on the audit, and the effect of uncorrected misstatements, if any, on the financial statements, in forming the opinion in our report on the financial statements and in determining or reporting in accordance with Government Auditing Standards and other compliance reporting requirements. Our determination of materiality is a matter of professional judgment and is affected by our perception of the financial information needs of users of the financial statements. We establish performance materiality at an amount less than materiality for the financial statements as a whole to allow for the risk of misstatements that may not be detected by the audit. We use performance materiality for purposes of assessing the risks of material misstatement and determining the nature, timing, and extent of further audit procedures. Our assessment of materiality throughout the audit will be based on both quantitative and qualitative considerations. Because of the interaction of quantitative and qualitative considerations, misstatements of a relatively small amount could have a material effect on the current financial statements as well as financial statements of future periods. We will accumulate misstatements identified during the audit, other than those that are clearly trivial. At the end of the audit, we will inform you of all individual unrecorded misstatements aggregated by us in connection with our evaluation of our audit test results.

Our Approach to Internal Control and Compliance Relevant to the Audit

Our audit of the financial statements, including compliance, will include obtaining an understanding of internal control sufficient to plan the audit and to determine the nature, timing, and extent of audit procedures to be performed. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Our review and understanding of the Entity's internal control is not undertaken for the purpose of expressing an opinion on the effectiveness of internal control.

We will issue reports on internal control related to the financial statements and major programs. These reports describe the scope of testing of internal control and the results of our tests of internal controls. Our reports on internal control will include any significant deficiencies and material weaknesses in the system of which we become aware as a result of obtaining an

understanding of internal control and performing tests of internal control consistent with the requirements of the Government Auditing Standards issued by the Comptroller General of the United States, the Single Audit Act, and the U.S. Office of Management and Budget (OMB) Circular No. A-133.

We will issue reports on compliance with laws, regulations, and the provisions of contracts or grant agreements. We will report on any noncompliance which could have a material effect on the financial statements and any noncompliance which could have a direct and material effect on each major program. Our reports on compliance will address material errors, fraud, abuse, violations of compliance requirements, and other responsibilities imposed by state and federal statutes and regulations and assumed contracts; and any state or federal grant, entitlement, or loan program questioned costs of which we become aware, consistent with the requirements of the standards and circular identified above.

Timing of the Audit

We have scheduled preliminary audit field work for all entities the week of July 14, 2014. We have scheduled the Community Mental Health Center's final fieldwork for the week of September 1, 2014, with final field work commencing the week of October 20, 2014 for all other entities. Management's adherence to its closing schedule and timely completion of information used by us in performance of the audit is essential to timely completion of the audit.

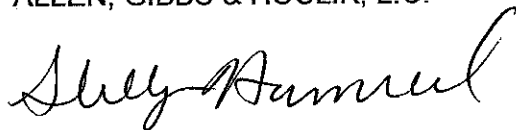
Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to be of service to Lancaster County.

This communication is intended solely for the information and use of the Board of Commissioners and the governing boards of the other entities listed in the first paragraph of this letter and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

ALLEN, GIBBS & HOULIK, L.C.



Shelly Hammond
Senior Vice President, Assurance Services

SLH:krf

cc: Mr. Kerry Eagan, Chief Administrative Officer
Mr. Dennis Meyer, Budget & Fiscal Officer
Board of the Lancaster County Correctional Facility Joint Public Agency
Board of the Public Building Commission
Mr. Don Killeen, Building Commission Administrator