

**STAFF MEETING MINUTES  
LANCASTER COUNTY BOARD OF COMMISSIONERS  
COUNTY-CITY BUILDING  
ROOM 113 - BILL LUXFORD STUDIO  
THURSDAY, JULY 14, 2016  
8:30 A.M.**

Commissioners Present: Roma Amundson, Chair  
Todd Wiltgen, Vice Chair  
Larry Hudkins  
Deb Schorr  
Bill Avery

Others Present: Kerry Eagan, Chief Administrative Officer  
Gwen Thorpe, Deputy Chief Administrative Officer  
Dan Nolte, County Clerk  
Ann Taylor, 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 13, 2016.*

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

**AGENDA ITEM**

**1 APPROVAL OF MINUTES OF THE JULY 7, 2016 STAFF MEETING MINUTES**

**MOTION:** Hudkins moved and Wiltgen seconded approval of the July 7, 2016 Staff Meeting minutes. Avery, Wiltgen, Schorr, Hudkins and Amundson voted aye. Motion carried 5-0.

**2 ADDITIONS TO THE AGENDA**

A. Meeting on Tax-Increment Financing (TIF) at the Nebraska Association of County Officials (NACO) Office, 1335 H Street (10:00 a.m. on August 1, 2016) (Exhibit A)

**MOTION:** Schorr moved and Avery seconded approval of the addition to the agenda. Wiltgen, Schorr, Hudkins, Avery and Amundson vote aye. Motion carried 5-0.

- 3 MEETING WITH LANCASTER COUNTY VILLAGES**
  - A) ELECTRONIC RECORDS MANAGEMENT** - Alison Lotto, Records Administrator
  - B) SOUTH BELTWAY UPDATE** - Mike Owen, Roadway Design Engineer/Division Manager, Department of Roads (NDOR); Brendon Schmidt, Assistant Roadway Design Engineer, NDOR
  - C) MY TOWN FEEDBACK** - Stacey Groshong Hageman, Planner, Lincoln/Lancaster County Planning Department
  - D) OTHER TOPICS:**
    - 1) EAST BELTWAY UPDATE**

Separate minutes.

- 4 ANNUAL EVALUATION OF DON KILLEEN, FACILITIES AND PROPERTY DIRECTOR**

Don Killeen, Facilities and Property Director, responded to questions on an evaluation questionnaire (Exhibit B) relating to goals, accomplishments, operations, budget issues and succession planning. He noted he is working with Human Resources on hiring an assistant as he plans to retire next year.

There was consensus to schedule the Facilities and Properties Director class description on the July 19, 2016 County Board of Commissioners Meeting agenda for approval.

- 5 FISCAL YEAR (FY) 2015-2016 AUDIT** - Shelly Hammond, Vice President of Assurance Services, Allen, Gibbs & Houlik (AGH), L.C. (Certified Public Accountants (CPA's) and Advisors)

Shelly Hammond, Vice President of Assurance Services, Allen, Gibbs & Houlik (AGH), L.C., said AGH is beginning preliminary work on its annual audit of the County and the federal grants the County receives, noting most of the audit test work will take place in October through November. **NOTE:** See Exhibit C for a letter from AGH which gives an overview of the scope and timing of audits of Lancaster County, the Mental Health Crisis Center, Lancaster County Correctional Facility Joint Public Agency (JPA) and the Lincoln/Lancaster County Public Building for the year ended June 30, 2016.

Hammond asked Board members if they have any issues or concerns AGH should focus on. Hudkins noted there have been some questions regarding purchases related to the Mental Health Crisis Center. Hammond said AGH issues a separate report for the Crisis Center and is aware of recent changes, such as separating from the Community Mental Health Center (CMHC) and moving to a new facility. She said AGH will also make sure it is aware of any changes in policies and procedures that may have been implemented as a result of all of those changes.

Avery asked whether the auditors' final report and the working documents are public documents. Hammond said the audit work papers and documentation are not public information. She noted there are various parties who have a right to review those work papers, citing the federal agencies who review the federal grants the County has received as an example. Avery asked if the Board would have access to those documents. Hammond said she doesn't believe AGH would have an issue with providing them. Avery asked if this is permitted by Public Records Law. Hammond said she assumes so, adding she cannot recall that issue coming up. Avery said it was an issue when the State Auditor tried to expand the scope of his authority. Hammond said there could be some differences since AGH is an external party. She said AGH would provide documents that were determined to be subject to open records.

Wiltgen noted the County is self-insured and is governed by Governmental Accounting Standards Board Statement No. 10 (GASB10). These standards are in place to make sure an entity has sufficient funds to cover any potential payouts, such as workers' compensation claims. Hammond said AGH will re-evaluate those particular funds.

**6 POTENTIAL LITIGATION** - David Derbin and Ryan Swaroff, Deputy County Attorneys; Lieutenant William McGlothlin, Corrections Department

**MOTION:** Schorr moved and Avery seconded to enter Executive Session at 11:15 a.m. for the purpose of protecting the public interest with regards to potential litigation. Schorr, Hudkins, Avery, Wiltgen and Hudkins voted aye. Motion carried 5-0.

The Chair restated the reason for the Board entering Executive Session.

Avery exited the meeting.

**MOTION:** Wiltgen moved and Hudkins seconded to exit Executive Session at 11:40 a.m. Hudkins, Wiltgen, Schorr and Amundson voted aye. Avery was absent. Motion carried 4-0.

## **7 ACTION ITEMS**

- A. Authorize Lancaster Pam Dingman, County Engineer, to Accept Lancaster County's Share of Highway Allocation Fund Revenue for Fiscal Year (FY) 2016-2017

**MOTION:** Hudkins moved and Schorr seconded approval. Wiltgen, Schorr, Hudkins and Amundson voted aye. Avery was absent. Motion carried 4-0.

## **8 CONSENT ITEMS**

There were no consent items.

## **9 ADMINISTRATIVE OFFICER REPORT**

There were no administrative officer report items.

## **10 PENDING**

There were no pending items.

## **11 DISCUSSION OF BOARD MEMBER MEETINGS**

- A. Human Services Joint Budget Committee (JBC)

The meeting was cancelled.

- B. Public Building Commission (PBC) Vice Chair Meeting with Mayor - Amundson

Amundson said she and Jane Raybould, PBC Chair, met with the Mayor and discussed whether to display the library proposals submitted by University of Nebraska-UNL students in the County-City Building. She asked the Board's thoughts on the matter. Wiltgen questioned whether it would appear to be an endorsement of a bond issue for a new library. Schorr said public resources can be used to educate the general public and said the issue isn't on the ballot yet. There was no objection to displaying the proposals.

Avery returned to the meeting at 11:44 a.m.

- C. County Board Chair/Vice Chair Meeting with Mayor - Amundson/Wiltgen

The meeting was rescheduled.

- D. Public Building Commission (PBC) - Amundson/Hudkins

The meeting was rescheduled.

- E. Lincoln-Lancaster County Board of Health

The meeting was cancelled.

- F. Mental Health Crisis Center Advisory Committee - Avery

Avery said they were updated on the transition to the new facility. He reported a client recently broke a sprinkler head in their room and said Scott Etherton, Mental Health Crisis Center Director, is working with the contractor to make corrections. In response to a question from Schorr, Gwen Thorpe, Deputy Chief Administrative Officer, said that was the sprinkler head spec'd during the bid process.

### **ADDITIONS TO THE AGENDA**

- A. Meeting on Tax-Increment Financing (TIF) at the Nebraska Association of County Officials (NACO) Office, 1335 H Street (10:00 a.m. on August 1, 2016)

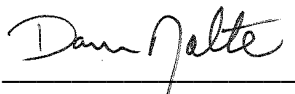
Eagan indicated plans to attend the meeting and said he will notify Joe Kohout, Kissel/E&S Associates (Legislative Consultant) of the meeting.

## **12 EMERGENCY ITEMS AND OTHER BUSINESS**

There were no emergency items or other business.

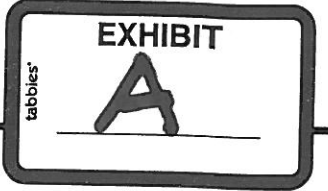
## **13 ADJOURNMENT**

**MOTION:** Schorr moved and Hudkins seconded to adjourn the meeting at 11:48 a.m. Avery, Wiltgen, Schorr, Hudkins and Amundson voted aye. Motion carried 5-0.



Dan Nolte  
Lancaster County Clerk





**Minette M. Genuchi**

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**From:** Trevor Fitzgerald [tfitzgerald@leg.ne.gov]  
**Sent:** Wednesday, July 13, 2016 4:18 PM  
**To:** Beth Bazyn Ferrell; Larry Dix; Commish; Kerry P. Eagan; kycoassessor@gtmc.net; Sean Kelley  
**Cc:** Christina Mayer  
**Subject:** Invitation to Discussion on TIF

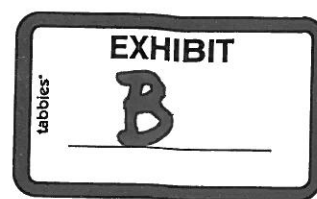
All,

Senator Crawford would like to cordially invite you to a discussion on tax-increment financing (TIF). While the meeting is part of our office's work on LR 439, Senator Crawford's interim study on the use of TIF for residential development, the broader goal of the meeting is to have a discussion on TIF from the perspective of counties and county officials.

The meeting will be held on Monday, August 1st, at 10:00 a.m. at NACO's Office, 1335 H Street in Lincoln. Please let our office know if you will be able to attend the meeting, and feel free to contact me if you have any questions.

Thanks!

Trevor Fitzgerald  
Legal Counsel, Urban Affairs Committee  
Office of Senator Sue Crawford  
(402) 471-2615  
[tfitzgerald@leg.ne.gov](mailto:tfitzgerald@leg.ne.gov)



## Accomplishments of Past Year

Along with the day to day management of thirteen (13) Public Building Commission Facilities, six (6) County Buildings and two (2) City owned facilities, we have also been involved in several construction projects. Phase I of the 605 Building project was completed which consisted of the construction of a new sally port and holding cell area for prisoner transport. This initial project was required before demolition of the 605 Building interior could take place. This was followed by Phase II or the demolition of the rest of the interior of the building. In January, we will begin Phase III or the build back of the rest of the 605 building interior. This last phase should be completed in March 2017. At the same time we were also under reconstruction of the 825 J Street building to house the Crisis Center. This facility was completed and occupied over the past few weeks. The identification of a site for a North Reporting Center for Adult Probation is another task that has been resolved during the past year. The relocation of General Service's from Trabert Hall to the Health Department is a task that is currently underway and scheduled for completion during the next couple of months. The above is a brief summary of the major accomplishments of the past year.

July 11, 2016

Board of Commissioners  
Lancaster County  
555 South 10<sup>th</sup> 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 Mental Health Crisis Center of Lancaster County, Lancaster County Correctional Facility Joint Public Agency, and the Lincoln/Lancaster County Public Building Commission's (collectively, the "County") financial statements and compliance as of and for the year ended June 30, 2016.

### **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 County'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 *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* at 2 CFR 200 (Uniform Guidance).

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 11, 2016. We have scheduled the Mental Health Crisis Center's final fieldwork for the week of September 6, 2016, with final field work commencing the week of October 17, 2016 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 L. Hammond  
Senior Vice President, Assurance Services

SLH:llm

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