

Board of Commissioners  
**Lancaster County, Nebraska**

We are pleased to present this report related to our audit of the basic financial statements of Lancaster County, Nebraska (County) for the year ended June 30, 2017. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for County's reporting process.

Generally accepted auditing standards require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

## Required Communications

### **The Respective Responsibilities of the Auditor and Management**

Our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States; the provisions of the Single Audit Act; Subpart F of 2 CFR Part 200; "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Uniform Guidance) have been described to you in our arrangement letter dated June 19, 2017. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities which are also described in that letter.

### **Overview of the Planned Scope and Timing of the Financial Audit**

We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.

### **Accounting Policies and Practices**

Adoption of, or Change in, Accounting Policies - Management has the ultimate responsibility for the appropriateness of the accounting policies used by the County. Significant accounting policies are disclosed in Note 1 to the financial statements. Effective June 30, 2017, the County implemented GASB 77, *Tax Abatement Disclosures*, which 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. There have not been any changes in existing significant accounting policies during the current period.

The Government Accounting Standards Board (GASB) has issued several statements not yet implemented by the County. The County's management has not yet determined the effect these statements will have on the County's financial statements. However, the County plans to implement all standards by the required dates. The statements which might impact the County are discussed in Note 12 to the financial statements.

Significant or Unusual Transactions - We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management's Judgments and Accounting Estimates - Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. Significant accounting estimates include the following:

- *Allowance for doubtful accounts (primarily as it relates to the Mental Health Crisis Center):* The MHCC uses the allowance method to account for estimated uncollectible accounts receivable. The allowance is determined by management, and includes all balances more than 60 days past due, plus a percentage of current balances based on past collection experience. As a basis for our conclusions, we reviewed the aging of accounts receivable, collections subsequent to year-end, and management's process for determining the allowance.
- *Claims liability recorded for claims incurred but not reported (IBNR):* To estimate IBNR for workers' compensation and general liability claims, management relies on an actuary's report. The actuary performs calculations to estimate liabilities on claims and future year costs based on inputs provided by the County's risk manager. To estimate IBNR for health claims, management relies on past history of claims incurred, and estimates of the lag time between when a claim is filed and paid. As a basis for our conclusions, we tested the inputs used by the actuary to ensure that they agreed to the underlying support provided by the County's risk manager. We also reviewed the County's health insurance liabilities for claims incurred but not paid at June 30, 2017, in comparison to the historical lag time for claim payments, to ensure amounts projected to be paid after year end were reasonable.
- *Compensated absences:* It is the County's policy to permit employees to accumulate certain amounts of vacation and sick leave. The County policies are discussed in Note 1. As a basis for our conclusion, we obtained a list of accumulated vacation and sick times as of June 30, 2017, from the County's payroll system, and recalculated vacation and sick time per County policies for a sample of County employees. In addition, we reviewed the total compensated absences by analytically comparing the current year results to prior year history.

### **Audit Adjustments**

We made the following adjustments to the original trial balance presented to us to begin the audit; adjustments necessary to prepare the entity wide year-end financial statements based upon information provided by management.

### **Uncorrected Misstatements**

There was one uncorrected misstatement to adjust fund level revenue for accounts receivable not received within 60 days of the fiscal year-end, accounts receivable and revenue were reduced by \$460,000.

## **Management Representations**

In connection with our audit procedures, we have obtained a written management representation letter. This representation letter constitutes written acknowledgments by management that it has the primary responsibility for the fair presentation of the financial statements in conformity with generally accepted accounting principles. The representation letter also includes the more significant oral representations made by officers and employees during the course of the audit and includes specific representations, is intended to reduce the possibility of misunderstandings between us and County and reminds the signing officers to consider seriously whether all material liabilities, commitments and contingencies or other important financial information have been brought to our attention.

## **Other Disclosures**

- We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
- We are not aware of any consultations management had with other accountants about accounting or auditing matters.
- No significant issues arising from the audit were discussed or were the subject of correspondence with management.
- We did not encounter any difficulties in dealing with management during the audit.

## **Comprehensive Policy and Procedure Review**

Given the broad and deep scope of your operations, you should consider completing a comprehensive evaluation of the adequacy and effectiveness of the entity's internal financial policies, processes and procedures, including a comparison to best practices among organizations the same size.

For entities that have experienced budget cuts in the finance area or those that have experienced turnover, a periodic review of controls is imperative. Even if your finance team has been stable over the years, we remind you that even the best design of controls is only as good as the people who carry out and execute such controls.

Financial policies, procedures and processes are a key element of sound fiscal administration. When policies are effective, they can preserve or enhance the fiscal health and wealth of the organization and create efficiencies for staff members.

This comprehensive evaluation could include:

1. Evaluation of existing controls
2. Identification of financial policies that could lead to vulnerability to fraud and/or abuse
3. For those identified weaknesses and risks, recommendations for improvements

## AGHUniversity Resources

As part of AGH's ongoing commitment to serve as a trusted advisor, we offer these resources as a key part of the additional value AGH provides beyond the engagement itself:

- AGHUniversity.com - a full schedule of complimentary CPE or current and relevant topics and other updates to clients throughout the year. Free registration and webinars are available for the County's staff and board members at aghuniversity.com. A sample of recent topics include Management and Key Position Succession Planning; Destroying the Myths about Employee Engagement; Preventing Fraud in Small and Medium Sized Organizations; Measuring What Matters in Your 401K Plan to Recruitment, Retention and Reward; Planning The Transition: Taking Your Company To Market; and The How and Why of Business Valuations.
- AGH Alerts and newsletters - This includes periodic mailings or emails to alert clients to new accounting standards or regulatory changes.

<b>Closing</b>
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This report is intended solely for the information and use of the Board and management, and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to be of service to Lancaster County.

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

February 16, 2018  
Wichita, KS

***LANCASTER COUNTY, NEBRASKA***

FINANCIAL STATEMENTS

WITH

SUPPLEMENTARY INFORMATION

AND

INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2017



LANCASTER COUNTY, NEBRASKA  
FINANCIAL STATEMENTS  
WITH  
SUPPLEMENTARY INFORMATION  
AND  
INDEPENDENT AUDITOR'S REPORT  
YEAR ENDED JUNE 30, 2017

LANCASTER COUNTY, NEBRASKA

FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION

Year Ended June 30, 2017

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**LANCASTER COUNTY, NEBRASKA**

**FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION**

Year Ended June 30, 2017

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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, 2017, 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, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

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

### *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 combining statements and schedule of expenditures of federal awards 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 16, 2018 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 16, 2018  
Wichita, KS

# LANCASTER COUNTY, NEBRASKA

## Statement of Net Position

June 30, 2017

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash, including investments	\$ 58,619,410
Taxes receivable	27,115,516
Due from other governmental agencies	3,912,219
Accounts receivable	805,529
Interest receivable	9,813
Patient and insurance receivable, net of allowance for doubtful accounts of \$808,247	130,998
Capital assets:	
Land and construction in progress	14,434,452
Other capital assets, net of depreciation	192,084,843
Total assets	<u>297,112,780</u>
<b>Liabilities:</b>	
Accounts payable	4,592,494
Accrued salaries	1,511,994
Advance payable	219,195
Accrued interest payable	165,117
Claims liability	2,375,569
Long-term liabilities:	
Due within one year	9,142,471
Due in more than one year	66,106,085
Total liabilities	<u>84,112,925</u>
<b>Deferred inflows of resources:</b>	
Deferred amounts on refunding	1,661,036
Total deferred inflows of resources	<u>1,661,036</u>
<b>Net position:</b>	
Net investment in capital assets	138,185,739
Restricted for:	
Visitor improvement	3,221,999
Rural library services	305,265
Building, land and road maintenance	1,874,043
Drug education	2,316,769
Economic development	370,494
Debt service	4,223,406
Minor equipment	783,962
Unrestricted	60,057,142
Total net position	<u>\$ 211,338,819</u>

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

**LANCASTER COUNTY, NEBRASKA**

Statement of Activities  
Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total Governmental Activities
<b>Governmental activities:</b>					
General government	\$ 23,223,037	\$ 14,784,256	\$ 1,814,510	\$ -	\$ (6,624,271)
Public safety	66,894,655	-	3,493,315	-	(63,401,340)
Community development	1,993	-	-	-	(1,993)
Public works	17,679,378	7,427,828	9,986,793	1,765,641	1,500,884
Public health and human services	9,967,776	442,557	5,677,152	-	(3,848,067)
Culture and recreation	4,235,508	-	-	-	(4,235,508)
Joint public agency services	1,960,814	-	-	-	(1,960,814)
Interest on long-term debt	2,161,945	6,000	-	-	(2,155,945)
<b>Total primary government</b>	<b>\$ 126,125,106</b>	<b>\$ 22,660,641</b>	<b>\$ 20,971,770</b>	<b>\$ 1,765,641</b>	<b>(80,727,054)</b>
<b>General revenues:</b>					
Taxes:					
Property tax					65,598,126
Inheritance tax					5,697,400
Motor vehicle tax					8,818,282
Lodging tax					3,460,058
In-lieu-of tax					1,884,350
Other:					
Miscellaneous					2,574,321
Intergovernmental					5,649,781
Investment income					310,025
<b>Total general revenues</b>					<u>93,992,343</u>
Change in net position					13,265,289
<b>Net position-beginning</b>					<u>198,073,530</u>
<b>Net position-ending</b>					<u>\$ 211,338,819</u>

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

# LANCASTER COUNTY, NEBRASKA

## Balance Sheet Governmental Funds June 30, 2017

	General	Capital Project Highway Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash, including investments	\$ 16,269,257	\$ 9,390,992	\$ 19,023,632	\$ 44,683,881
Taxes receivable	24,725,565	-	2,389,951	27,115,516
Due from other government agencies	1,668,576	842,772	1,400,871	3,912,219
Accounts receivable	655,564	7,340	124,799	787,703
Interest receivable	3,885	1,899	3,299	9,083
Patient and insurance receivables, net of allowance for doubtful accounts of \$808,247	-	-	130,998	130,998
<b>Total assets</b>	<b>\$ 43,322,847</b>	<b>\$ 10,243,003</b>	<b>\$ 23,073,550</b>	<b>\$ 76,639,400</b>
<b>Liabilities:</b>				
Accounts payable	\$ 1,638,095	\$ 954,335	\$ 1,864,948	\$ 4,457,378
Accrued salaries	1,255,250	57,299	195,851	1,508,400
Advance payable	-	-	219,195	219,195
<b>Total liabilities</b>	<b>2,893,345</b>	<b>1,011,634</b>	<b>2,279,994</b>	<b>6,184,973</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue - property tax receivable	1,462,396	-	142,165	1,604,561
<b>Total deferred inflows of resources</b>	<b>1,462,396</b>	<b>-</b>	<b>142,165</b>	<b>1,604,561</b>
<b>Fund balances:</b>				
Restricted for:				
Visitor improvement	-	-	3,221,999	3,221,999
Rural library services	-	-	305,265	305,265
Building, land and road maintenance	-	-	1,874,043	1,874,043
Drug education	-	-	2,316,769	2,316,769
Economic development	-	-	370,494	370,494
Debt service	-	-	4,223,406	4,223,406
Minor equipment	-	-	783,962	783,962
Committed for:				
Community betterment	-	-	1,869,395	1,869,395
Building maintenance	-	-	197,804	197,804
Public safety	68,940	-	-	68,940
Public works	6,067	-	-	6,067
General government	155,385	-	-	155,385
Building, land and road maintenance	-	7,315,711	3,055,115	10,370,826
Assigned for:				
Veterans aid	13,628	-	-	13,628
Public health and human services	-	-	159,246	159,246
Building, land and road maintenance	-	1,915,658	2,273,893	4,189,551
Unassigned	38,723,086	-	-	38,723,086
<b>Total fund balances</b>	<b>38,967,106</b>	<b>9,231,369</b>	<b>20,651,391</b>	<b>68,849,866</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 43,322,847</b>	<b>\$ 10,243,003</b>	<b>\$ 23,073,550</b>	<b>\$ 76,639,400</b>

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

**LANCASTER COUNTY, NEBRASKA**  
 Reconciliation of the Balance Sheet of Governmental Funds  
 to the Statement of Net Position  
 June 30, 2017

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

<b>Total fund balance - governmental funds</b>		<b>\$ 68,849,866</b>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	\$ 312,575,435	
Accumulated depreciation	<u>(106,056,140)</u>	206,519,295
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.		
		11,379,994
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.		
		1,604,561
Deferred refunding resulting from issuance of refunding bonds is recognized as deferred outflows of resources in the government-wide statements		
		(1,661,036)
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	(43,875,000)	
Premium on bonds	(638,556)	
Capital lease obligations	(23,820,000)	
Compensated absences	(6,855,188)	
Accrued interest payable	<u>(165,117)</u>	<u>(75,353,861)</u>
<b>Total net position governmental activities</b>		<b>\$ <u>211,338,819</u></b>

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, 2017

	General	Capital Project Highway Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 76,212,651	\$ -	\$ 9,248,745	\$ 85,461,396
Charges for services	14,571,412	34,527	7,422,582	22,028,521
Intergovernmental	12,919,779	9,329,088	4,480,342	26,729,209
Medicaid/Medicare/MRO Reimbursements	-	-	293,695	293,695
License, fees and rental income	63,520	3,960	1,192,577	1,260,057
Interest income	244,364	17,347	40,432	302,143
Other	151,655	60,266	1,417,606	1,629,527
Total revenues	<u>104,163,381</u>	<u>9,445,188</u>	<u>24,095,979</u>	<u>137,704,548</u>
<b>Expenditures:</b>				
Current:				
General government	14,899,959	-	5,371,560	20,271,519
Public safety	64,263,482	-	2,667,650	66,931,132
Community development	-	-	1,993	1,993
Public works	3,841,761	6,480,974	3,821,398	14,144,133
Public health and human services	7,029,437	-	3,039,004	10,068,441
Culture and recreation	-	-	4,235,508	4,235,508
Capital outlay	12,470,567	5,215,280	8,844,493	26,530,340
Debt service:				
Principal	1,069,804	-	3,332,696	4,402,500
Interest	342,552	-	2,062,204	2,404,756
Total expenditures	<u>103,917,562</u>	<u>11,696,254</u>	<u>33,376,506</u>	<u>148,990,322</u>
Excess (deficiency) of revenues over (under) expenditures	<u>245,819</u>	<u>(2,251,066)</u>	<u>(9,280,527)</u>	<u>(11,285,774)</u>
<b>Other financing sources (uses):</b>				
Issuance of capital lease	8,604,494	-	-	8,604,494
Sale of capital assets	3,194,036	55,064	47,540	3,296,640
Transfers in	960,310	2,875,508	8,020,109	11,855,927
Transfers out	(10,761,561)	-	(1,244,366)	(12,005,927)
Total other financing sources (uses)	<u>1,997,279</u>	<u>2,930,572</u>	<u>6,823,283</u>	<u>11,751,134</u>
Net change in fund balances	2,243,098	679,506	(2,457,244)	465,360
<b>Fund balances at beginning of year</b>	<u>36,724,008</u>	<u>8,551,863</u>	<u>23,108,635</u>	<u>68,384,506</u>
<b>Fund balances at end of year</b>	<u>\$ 38,967,106</u>	<u>\$ 9,231,369</u>	<u>\$ 20,651,391</u>	<u>\$ 68,849,866</u>

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, 2017

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

<b>Net change in fund balances - total governmental funds</b>	\$	465,360
<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		(7,767,598)
Capital assets capitalized		14,445,627
	22,213,225	
<p>Contributions of capital assets are reported as capital contributions in the statement of activities.</p>		
		1,765,641
<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>		
		(2,938,564)
<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>		
		(4,740)
<p>Capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.</p>		
		(8,604,494)
<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>		
		235,915
<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		2,805,000
Capital lease		4,402,500
	1,597,500	
<p>In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.</p>		
		6,897
<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 earned were more than benefits paid.		82,410
<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>		
		3,408,737
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>13,265,289</b>

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



**LANCASTER COUNTY, NEBRASKA**

Statement of Net Position

Proprietary Funds

June 30, 2017

	<b>Internal Service Funds</b>
<b>Assets:</b>	
Current assets:	
Cash, including investments	\$ 13,935,529
Accounts receivable	17,826
Interest receivable	730
Total current assets	<u>13,954,085</u>
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable	135,117
Claims payable	2,375,569
Accrued salaries	3,594
Current portion - accrued compensated absences	10,000
Total current liabilities	<u>2,524,280</u>
Noncurrent liabilities:	
Long-term accrued compensated absences	49,811
Total liabilities	<u>2,574,091</u>
<b>Net position:</b>	
Unrestricted	<u>\$ 11,379,994</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, 2017

	<u>Internal Service Funds</u>
<b>Operating revenues:</b>	
Charges for services	\$ 14,649,456
Other insurance reimbursements	71,859
Total operating revenues	<u>14,721,315</u>
<b>Operating expenses:</b>	
Insurance	9,465,496
Contractual	1,814,010
Wages and benefits	151,302
Other	95,848
Rental	5,114
Supplies	523
Claims reserve adjustment	(61,833)
Total operating expenses	<u>11,470,460</u>
Operating income	<u>3,250,855</u>
<b>Nonoperating revenues:</b>	
Interest	7,882
Total nonoperating revenues	<u>7,882</u>
Income (loss) before contributions and transfers	3,258,737
Transfers in	150,000
Change in net position	<u>3,408,737</u>
<b>Total net position-beginning of year</b>	<u>7,971,257</u>
<b>Total net position-end of year</b>	<u>\$ 11,379,994</u>

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, 2017

	<b>Internal Service Funds</b>
<b>Cash flows from operating activities:</b>	
Cash received from services	\$ 14,649,456
Cash received from insurance companies	71,859
Cash payments for claims	(11,556,695)
Net cash flow from operating activities	<u>3,164,620</u>
<b>Cash flows from non-capital financing activities:</b>	
Transfers from other funds	<u>150,000</u>
Net cash flow from non-capital financing activities	<u>150,000</u>
<b>Cash flows from investing activities:</b>	
Interest on investments	<u>7,882</u>
Net cash flow from investing activities	<u>7,882</u>
Change in cash and cash equivalents	3,322,502
<b>Cash and cash equivalents-beginning of the year</b>	<u>10,613,027</u>
<b>Cash and cash equivalents-end of the year</b>	<u>\$ 13,935,529</u>
Reconciliation of operating income to net cash flow from operating activities:	
Operating income	\$ 3,250,855
Adjustments to reconcile operating income to net cash flow from operating activities:	
Change in accounts receivable	(6,035)
Change in interest receivable	858
Change in accrued liabilities	(19,225)
Change in claims payable	(61,833)
Net cash flow from operating activities	<u>\$ 3,164,620</u>

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

**LANCASTER COUNTY, NEBRASKA**

Statement of Net Position

Fiduciary Funds

June 30, 2017

	<b>Employee Benefit Trust Funds</b>	<b>Agency Funds</b>
	<u>                    </u>	<u>                    </u>
<b>Assets:</b>		
Cash and cash equivalents	\$ -	\$ 45,137,844
Investments:		
Cash management fund	149,415	-
Stable value fund	41,192,441	-
Mutual funds - domestic equities	56,203,280	-
Mutual funds - international equities	22,879,865	-
Mutual funds - balanced funds	10,046,003	-
Other fixed income	13,697,285	-
Total assets	<u>144,168,289</u>	<u>45,137,844</u>
<b>Liabilities:</b>		
Due to others	<u>-</u>	<u>45,137,844</u>
Total liabilities	<u>-</u>	<u>45,137,844</u>
<b>Net position:</b>		
Held in trust for pension and other postemployment benefits	<u>144,168,289</u>	<u>-</u>
Total net position	<u>\$ 144,168,289</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, 2017

	<b>Employee Benefit Trust Funds</b>
<b>Additions:</b>	
Contributions:	
Employee	\$ 2,448,826
Employer	4,334,477
Forfeitures	55,999
Rollovers	269,670
Total contributions	<u>7,108,972</u>
Investment income:	
Net appreciation in fair value of investments	12,801,984
Dividends and interest	3,035,364
Miscellaneous	(12,079)
Total net investment income	<u>15,825,269</u>
Total additions	<u>22,934,241</u>
<b>Deductions:</b>	
Benefits paid	8,035,042
Forfeitures	100,070
Total deductions	<u>8,135,112</u>
Change in net position	14,799,129
<b>Net position - beginning of year</b>	<u>129,369,160</u>
<b>Net position - end of year</b>	<u><u>\$ 144,168,289</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 (County), is presented to assist in understanding the County's financial statements. The financial statements and notes are representations of the County's management who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

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

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

#### **Reporting Entity**

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

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

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

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

# LANCASTER COUNTY, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS

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

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

#### **Joint Ventures**

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

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

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

Lancaster County Fairgrounds Joint Public Agency - The Lancaster County Fairgrounds Joint Public Agency (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 (Society) appoints three and the County appoints two.

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

#### **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.

# LANCASTER COUNTY, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS

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

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.

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.



# LANCASTER COUNTY, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS

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

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.

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.

# LANCASTER COUNTY, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS

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

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**

The County applies 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.

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.

**LANCASTER COUNTY, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS**

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

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.

The estimated useful lives for capital assets are as follows:

	<u>Years</u>
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.

# LANCASTER COUNTY, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS

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

#### **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.

*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.

# LANCASTER COUNTY, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS

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

#### **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.

#### **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.

# LANCASTER COUNTY, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS

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

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.

#### **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.

**LANCASTER COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS

**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 \$27,028,117. 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, 2017, the County held the following investments:

Investment Type	Maturities	Fair Value
Insured Sweep Accounts	N/A	\$ 43,854,155
Money markets	N/A	27,448,162
Total investments		<u>\$ 71,302,317</u>

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

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

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

**LANCASTER COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS

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

Pooled deposits and investments at June 30, 2017 appear in the financial statements as summarized below:

Carrying amount of deposits	\$	32,435,894
Carrying amount of investments		71,302,317
Total		<u>\$ 103,738,211</u>
Cash, including investments - governmental funds balance sheet	\$	44,683,881
Cash, including investments - internal service funds, statement of net position		<u>13,935,529</u>
Cash, including investments - governmental activities, statement of net position		58,619,410
Cash, including investments - agency funds		45,137,844
Petty Cash		(1,950)
Pending		(17,093)
Total		<u>\$ 103,738,211</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.

At June 30, 2017, the investments in the employees' retirement system were as follows:

Investment Type	Fair Value	Concentration
Stable value fund (fixed income)	\$ 41,192,441	30.20%
Fixed income	10,422,010	7.64%
Mutual funds - domestic equities	55,765,511	40.89%
Mutual funds - international equities	22,802,006	16.72%
Mutual funds - balanced funds	2,980,725	2.19%
Variable annuity	3,225,291	2.36%
Total	<u>\$ 136,387,984</u>	<u>100.00%</u>

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



**LANCASTER COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS

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

*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, 2017, the fixed income funds of the plan held investments with credit ratings ranging from AAA to B, with approximately 54% and 68% 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, 2017, the fixed income funds of the plan had effective durations of 6.09 years and 5.84 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, 2017, 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 63% 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.

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.

	2017		
	Level 1	Level 2	Level 3
Domestic stock	\$ 39,142,236	\$ 16,623,275	\$ -
International Stock	22,802,006	-	-
Balanced Funds	2,980,725	-	-
Variable Annuity	-	3,225,291	-
Fixed Income	-	10,422,010	-
Stable Value Fund	-	-	41,192,441
	\$ 64,924,967	\$ 30,270,576	\$ 41,192,441

## LANCASTER COUNTY, NEBRASKA

### NOTES TO FINANCIAL STATEMENTS

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

*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, 2017.

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, 2017 are as follows:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
<b>Non-depreciable assets:</b>				
Land	\$ 11,139,204	\$ 20,595	\$ -	\$ 11,159,799
Construction in progress	9,266,445	3,274,653	9,266,445	3,274,653
	<u>20,405,649</u>	<u>3,295,248</u>	<u>9,266,445</u>	<u>14,434,452</u>
<b>Depreciable capital assets:</b>				
Land improvements	2,447,899	-	829,299	1,618,600
Buildings	136,435,562	18,277,671	3,905,705	150,807,528
Machinery and Equipment	17,676,871	2,006,411	174,341	19,508,941
Vehicles	9,277,163	607,333	820,814	9,063,682
Infrastructure	108,635,849	9,095,572	589,189	117,142,232
	<u>274,473,344</u>	<u>29,986,987</u>	<u>6,319,348</u>	<u>298,140,983</u>
<b>Accumulated depreciation:</b>				
Land improvements	1,821,377	67,337	761,422	1,127,292
Buildings	30,658,083	2,712,801	1,584,650	31,786,234
Machinery and Equipment	9,749,818	1,362,469	162,038	10,950,249
Vehicles	6,439,086	632,548	743,032	6,328,602
Infrastructure	53,129,828	2,992,443	258,508	55,863,763
	<u>101,798,192</u>	<u>7,767,598</u>	<u>3,509,650</u>	<u>106,056,140</u>
Depreciable capital assets, net	<u>172,675,152</u>	<u>22,219,389</u>	<u>2,809,698</u>	<u>192,084,843</u>
Total capital assets	<u>\$ 193,080,801</u>	<u>\$ 25,514,637</u>	<u>\$ 12,076,143</u>	<u>\$ 206,519,295</u>

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

<b>Governmental Activities:</b>	
General Government	\$ 376,723
Public Safety	1,567,431
Public Works	3,845,285
Public Health and Human Services	88,235
Joint Public Agency Services	1,889,924
Total Depreciation Expense	<u>\$ 7,767,598</u>

**4. LONG-TERM LIABILITIES**

Changes in long-term obligations for the year ended June 30, 2017 were as follows:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017	Due within one year
Bonds payable - JPA	\$ 46,680,000	\$ -	\$ 2,805,000	\$ 43,875,000	\$ 2,890,000
Premiums	694,900	-	56,344	638,556	-
	<u>47,374,900</u>	<u>-</u>	<u>2,861,344</u>	<u>44,513,556</u>	<u>2,890,000</u>
Capital leases payable:					
Public Building Commission	16,813,006	8,604,494	1,597,500	23,820,000	1,032,500
Compensated absences	6,827,001	5,243,033	5,155,034	6,915,000	5,219,971
Total long-term liabilities	<u>\$ 71,014,907</u>	<u>\$ 13,847,527</u>	<u>\$ 9,613,878</u>	<u>\$ 75,248,556</u>	<u>\$ 9,142,471</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).

# LANCASTER COUNTY, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS

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

#### **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 9<sup>th</sup> and J Building, Downtown Senior Center, Health Department Building, Courthouse Plaza, Northeast Senior Center, Benesch Building, and the 27<sup>th</sup> Street Police Building.

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

In March 2016, 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 refunding resulted in a new capital lease of \$6,175,506 in fiscal year 2016 and \$8,604,494 in fiscal year 2017 for the portions of proceeds expended.

As of June 30, 2017, the PBC has bonds outstanding of \$35,655,000 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 2026 to 2042.

**LANCASTER COUNTY, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS**

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

Principal and interest requirements to maturity on capital lease obligations and bonds outstanding at June 30, 2017 are as follows:

Year Ending June 30	Bonds payable		Capital leases	
	Principal	Interest	Principal	Interest
2018	\$ 2,890,000	\$ 1,971,505	\$ 1,032,500	\$ 797,482
2019	2,980,000	1,868,555	1,570,000	765,404
2020	3,095,000	1,754,793	1,397,500	726,034
2021	3,205,000	1,642,940	1,435,000	684,853
2022	3,320,000	1,502,250	1,482,500	638,555
2023 - 2027	19,265,000	4,782,375	5,995,000	2,432,996
2028 - 2032	9,120,000	461,500	3,267,500	1,552,800
2033 - 2037			3,530,000	938,925
2038 - 2042			4,110,000	342,550
Total	<u>\$ 43,875,000</u>	<u>\$ 13,983,918</u>	<u>\$ 23,820,000</u>	<u>\$ 8,879,599</u>

**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	\$ -	\$ 2,875,508	\$ 7,741,053	\$ 150,000	\$ 10,766,561
Other governmental funds	960,310	-	176,229	-	1,136,539
	<u>\$ 960,310</u>	<u>\$ 2,875,508</u>	<u>\$ 7,917,282</u>	<u>\$ 150,000</u>	<u>\$ 11,903,100</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, 2017, the most significant transfer was \$6,585,671 from the General Fund to the Bridge and Special Road Fund for budgeted capital projects.

**6. DEFICIT FUND EQUITY**

At June 30, 2017, the Workers' Compensation fund had a deficit of \$1,210,459, which will be recovered from future internal charges to the County's other funds.

## LANCASTER COUNTY, NEBRASKA

### NOTES TO FINANCIAL STATEMENTS

#### 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.

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, 2017, membership in the plans totaled 2004 (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 \$965,196 for the year ended June 30, 2017.

##### **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.

# LANCASTER COUNTY, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS

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

#### 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, 2017, membership totaled 1,121.

*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.

**LANCASTER COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS

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

Employer and plan member contributions are recognized in the period that the contributions are due. Total employer contributions were \$3,420,617 and total employee contributions were \$2,448,826 for the year ended June 30, 2017.

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

	Pension Trust	Postemployment Health Trust	Total
Total assets	\$ 136,389,983	\$ 7,780,306	\$ 144,168,289
Net position	\$ 136,389,983	\$ 7,780,306	\$ 144,168,289
Additions	\$ 21,540,779	\$ 1,393,462	\$ 22,934,241
Deductions	7,751,689	383,423	8,135,112
Change in net position	13,789,090	1,010,039	14,799,129
Beginning net position	122,598,893	6,770,267	129,369,160
Ending net position	\$ 136,387,983	\$ 7,780,306	\$ 144,168,289

**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.



**LANCASTER COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS

**8. RISK MANAGEMENT (CONTINUED)**

*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:

	Workers' Compensation	Other Self Insurance Loss	Group Insurance
Liability - June 30, 2015	\$ 1,022,533	\$ 929,087	\$ 757,000
Claims incurred	356,299	254,311	9,199,399
Claims payments & adjustments	446,465	260,363	9,374,399
Liability - June 30, 2016	932,367	923,035	582,000
Claims incurred	467,586	283,987	8,657,923
Claims payments & adjustments	31,629	753,777	8,685,923
Liability - June 30, 2017	\$ 1,368,324	\$ 453,245	\$ 554,000

**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, 2017, \$125,000 was recorded with accounts payable for amounts owed as of that date.

**LANCASTER COUNTY, NEBRASKA**

NOTES TO FINANCIAL STATEMENTS

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

*Construction Commitments and Encumbrances.* As of June 30, 2017, the County has outstanding encumbrances as follows:

General Fund	\$ 230,392
Highway Fund	7,315,711
Nonmajor Governmental Funds	<u>3,153,032</u>
Total	<u>\$ 10,699,135</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, 2017, 16 series of bonds were outstanding, with an aggregate principal amount payable in the amount of \$166,317,597.

**11. GASB 77 TAX ABATEMENTS**

In fiscal year 2017, the County implemented GASB Statement No. 77, *Tax Abatement Disclosures*, which enhances comparability of financial statements among governments by establishing disclosures about the nature and magnitude of tax abatements enabling users to understand 1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and 2) the impact those abatements have on a government's financial position and economic condition.

Implementation of this standard required the County to evaluate its agreements, determine which situations meet the definition of tax abatement, gather the appropriate information and add disclosures in its financial statements related to tax abatements.

GASB 77 defines a tax abatement as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or citizens of those governments.

In fiscal year, the County property tax revenues were reduced by \$1,104,259 due to agreements entered into by the City of Lincoln relating to tax incremental financing of areas considered blighted. In fiscal year 2017, the County property tax revenues were reduced by \$62,662 due to agreements entered into by the Cities of Waverly and Hickman relating to tax incremental financing areas considered blighted.

The County disclosed all known tax abatements.

# LANCASTER COUNTY, NEBRASKA

## NOTES TO FINANCIAL STATEMENTS

### 12. PENDING GOVERNMENTAL ACCOUNTING STANDARDS

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. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability and a corresponding deferred outflow of resources for AROs when the liability is incurred and reasonable estimable. This statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for estimating the liability and the estimated remaining useful life of the associated tangible capital asset. The provisions of this statement are effective for financial statements for the County's fiscal year ending June 30, 2019.

GASB Statement No. 84, *Fiduciary Activities*, improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when demands for resources has been made or when no further action, approval or condition is required to be taken or met by the beneficiary to release the assets. The provisions of this statement are effective for financial statements for the County's fiscal year ending June 30, 2020.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt-are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to the financial statements for debt that is defeased in substance. The provisions of this statement are effective for financial statements for the County's fiscal year ending June 30, 2018.

GASB Statement No. 87, *Leases*, improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resource based on the payment provisions of the contract. It establishes a single model for lease accounting based on foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Provisions of this statement are effective for financial statements for the County's fiscal year ending June 30, 2021.

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, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive/ (Negative)
<b>Revenues:</b>				
Taxes	\$ 78,889,179	\$ 78,889,179	\$ 76,113,988	\$ (2,775,191)
Charges for services	14,188,768	14,188,768	14,543,007	354,239
Federal receipts	2,026,895	2,026,895	2,718,493	691,598
State revenues	4,378,147	4,378,147	8,716,787	4,338,640
License, fees and rental income	57,000	57,000	64,183	7,183
Interest on investments	165,050	165,050	248,542	83,492
Intergovernmental	800,935	800,935	800,935	-
Other receipts	86,250	86,250	144,361	58,111
Total revenues	<u>100,592,224</u>	<u>100,592,224</u>	<u>103,350,296</u>	<u>2,758,072</u>
<b>Expenditures:</b>				
General Government:				
Board of Commissioners	289,947	289,947	289,121	826
County Clerk	1,108,875	1,108,875	1,105,874	3,001
County Treasurer	3,621,459	3,621,459	3,355,871	265,588
Assessor / Register of Deeds	4,178,476	4,178,476	4,146,330	32,146
ROD Technology	301,793	301,793	209,162	92,631
Election Commissioner	1,543,759	1,543,759	1,520,960	22,799
Information Services	868,006	868,006	579,902	288,104
Budget & Fiscal	346,115	351,415	350,583	832
General Government Miscellaneous	6,801,045	6,173,345	4,829,822	1,343,523
Administrative Services	468,712	468,712	380,567	88,145
Board of Equalization	271,270	271,270	206,590	64,680
Extension Service	1,116,647	1,116,647	1,094,987	21,660
Records & Information Management	644,453	644,453	638,606	5,847
Total general government	<u>21,560,557</u>	<u>20,938,157</u>	<u>18,708,375</u>	<u>2,229,782</u>
Public Safety:				
Clerk of District Court	1,781,294	1,792,794	1,783,234	9,560
County Court	961,722	1,175,722	1,137,640	38,082
Juvenile Court	2,046,600	2,046,600	1,898,831	147,769
District Court	2,756,340	3,099,340	3,040,890	58,450
Public Defender	4,099,771	4,099,771	4,099,765	6
Jury Commissioner	153,744	161,244	159,636	1,608
Justice System Miscellaneous	2,206,493	2,206,493	1,487,460	719,033
County Sheriff	12,317,246	12,317,246	12,233,041	84,205
County Attorney	7,467,448	7,467,448	7,372,847	94,601
Corrections	22,704,529	22,704,529	22,668,867	35,662
Juvenile Probation	301,572	301,572	289,921	11,651
Adult Probation	493,502	493,502	465,261	28,241
Community Corrections	2,943,447	2,943,447	2,934,656	8,791
Youth Services Center	6,067,416	6,067,416	5,634,356	433,060
Emergency Management	553,542	553,542	545,189	8,353
Mental Health Board	141,260	141,260	127,002	14,258
Total public safety	<u>66,995,926</u>	<u>67,571,926</u>	<u>65,878,596</u>	<u>1,693,330</u>

# LANCASTER COUNTY, NEBRASKA

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis General Fund Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Public Works:</b>				
County Engineer	3,897,511	3,897,511	3,795,626	101,885
Total public works	<u>3,897,511</u>	<u>3,897,511</u>	<u>3,795,626</u>	<u>101,885</u>
<b>Public Health and Social Services:</b>				
General Assistance	2,507,115	2,507,115	1,384,965	1,122,150
Veterans & General Assistance Admin	728,711	741,111	740,378	733
Health & Human Services	4,528,506	4,528,506	4,499,186	29,320
Human Services	500,225	534,225	532,209	2,016
Total public health and social services	<u>8,264,557</u>	<u>8,310,957</u>	<u>7,156,738</u>	<u>1,154,219</u>
 Total expenditures	 <u>100,718,551</u>	 <u>100,718,551</u>	 <u>95,539,335</u>	 <u>5,179,216</u>
 Revenue over expenditures	 <u>(126,327)</u>	 <u>(126,327)</u>	 <u>7,810,961</u>	 <u>7,937,288</u>
<b>Other financing sources (uses):</b>				
Proceeds from sale of capital assets	3,185,000	3,185,000	3,194,035	9,035
Transfer in	942,838	942,838	960,310	17,472
Transfer out	(10,666,561)	(10,666,561)	(10,766,561)	(100,000)
Total other financing sources (uses)	<u>(6,538,723)</u>	<u>(6,538,723)</u>	<u>6,612,216</u>	<u>(74,493)</u>
 Net change in fund balance	 <u>\$ (6,665,050)</u>	 <u>\$ (6,665,050)</u>	 <u>1,198,745</u>	 <u>\$ 7,863,795</u>
<b>Fund balance at beginning of year</b>			12,858,400	
Encumbrance credit			(2,501)	
<b>Fund balance at end of year</b>			<u>\$ 14,054,644</u>	
<b>Explanation of difference between budgetary and GAAP:</b>				
Net change in fund balance, budgetary basis			\$ 1,198,745	
Separately budgeted general fund subfunds:				
Veterans Aid fund			23	
Revenue accruals			8,849,876	
Expenditure accruals			(8,035,938)	
Current year encumbrances			<u>230,392</u>	
Net change in fund balance, GAAP basis			2,243,098	
Fund balance, beginning of year, GAAP basis			<u>36,724,008</u>	
Fund balance, end of year, GAAP basis			<u>\$ 38,967,106</u>	

## **LANCASTER COUNTY, NEBRASKA**

### **NOTES TO BUDGETARY COMPARISON SCHEDULES**

Year Ended June 30, 2017

#### **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, 2017

	<u>General Fund</u>	<u>Veterans Aid Fund</u>	<u>Total General</u>
<b>Assets:</b>			
Cash, including investments	\$ 16,255,629	\$ 13,628	\$ 16,269,257
Taxes receivable	24,725,565	-	24,725,565
Due from other government agencies	1,668,576	-	1,668,576
Accounts receivable	655,564	-	655,564
Interest receivable	3,885	-	3,885
Total assets	<u>\$ 43,309,219</u>	<u>\$ 13,628</u>	<u>\$ 43,322,847</u>
<b>Liabilities:</b>			
Accounts payable	\$ 1,638,095	\$ -	\$ 1,638,095
Accrued salaries	1,255,250	-	1,255,250
Total liabilities	<u>2,893,345</u>	<u>-</u>	<u>2,893,345</u>
<b>Deferred inflows of resources:</b>			
Unavailable revenue - property tax receivable	1,462,396	-	1,462,396
Total deferred inflows of resources	<u>1,462,396</u>	<u>-</u>	<u>1,462,396</u>
<b>Fund balances:</b>			
Committed for:			
Public safety	68,940	-	68,940
Public works	6,067	-	6,067
General government	155,385	-	155,385
Assigned for:			
Veterans aid	-	13,628	13,628
Unassigned	38,723,086	-	38,723,086
Total fund balances	<u>38,953,478</u>	<u>13,628</u>	<u>38,967,106</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 43,309,219</u>	<u>\$ 13,628</u>	<u>\$ 43,322,847</u>

**LANCASTER COUNTY, NEBRASKA**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
General Fund  
Year Ended June 30, 2017

	General Fund	Veterans Aid Fund	Eliminations	Total General
<b>Revenues:</b>				
Taxes	\$ 76,212,651	\$ -	\$ -	\$ 76,212,651
Charges for services	14,571,412	-	-	14,571,412
Intergovernmental	12,919,779	-	-	12,919,779
License, fees and rental income	63,520	-	-	63,520
Interest income	244,364	-	-	244,364
Other	151,655	-	-	151,655
Total revenues	<u>104,163,381</u>	-	-	<u>104,163,381</u>
<b>Expenditures:</b>				
Current:				
General government	14,899,959	-	-	14,899,959
Public safety	64,263,482	-	-	64,263,482
Public works	3,841,761	-	-	3,841,761
Public health and human services	7,024,460	4,977	-	7,029,437
Capital outlay	12,470,567	-	-	12,470,567
Debt service:				
Principal	1,069,804	-	-	1,069,804
Interest	342,552	-	-	342,552
Total expenditures	<u>103,912,585</u>	<u>4,977</u>	-	<u>103,917,562</u>
Excess (deficiency) of revenues over (under) expenditures	<u>250,796</u>	<u>(4,977)</u>	-	<u>245,819</u>
<b>Other financing sources (uses):</b>				
Issuance of capital lease	8,604,494	-	-	8,604,494
Sale of capital assets	3,194,036	-	-	3,194,036
Transfers in	960,310	5,000	(5,000)	960,310
Transfers out	(10,766,561)	-	5,000	(10,761,561)
Total other financing sources (uses)	<u>1,992,279</u>	<u>5,000</u>	-	<u>1,997,279</u>
Net change in fund balances	2,243,075	23	-	2,243,098
<b>Fund balances at beginning of year</b>	<u>36,710,403</u>	<u>13,605</u>	-	<u>36,724,008</u>
<b>Fund balances at end of year</b>	<u>\$ 38,953,478</u>	<u>\$ 13,628</u>	<u>\$ -</u>	<u>\$ 38,967,106</u>

**LANCASTER COUNTY, NEBRASKA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2017**

	<b>Special Revenue Funds</b>							
	Visitors Improvement	Visitors Promotion	County Rural Library	Federal Grants	Keno	Economic Development	Mental Health	Weed Control
<b>Assets:</b>								
Cash, including investments	\$ 2,270,839	\$ 1,030,020	\$ 35,821	\$ 2,522,552	\$ 1,811,357	\$ 369,476	\$ 75,779	\$ 149,302
Taxes receivable	-	-	290,646	-	-	-	-	-
Due from other government agencies	323,070	323,070	3,389	474,307	-	-	39,767	-
Accounts receivable	-	-	-	-	88,039	-	-	1,080
Interest receivable	-	-	-	1,036	-	1,018	-	-
Patient and insurance receivables, net of allowance for doubtful accounts of \$808,247	-	-	-	-	-	-	130,998	-
<b>Total assets</b>	<b>\$ 2,593,909</b>	<b>\$ 1,353,090</b>	<b>\$ 329,856</b>	<b>\$ 2,997,895</b>	<b>\$ 1,899,396</b>	<b>\$ 370,494</b>	<b>\$ 246,544</b>	<b>\$ 150,382</b>
<b>Liabilities:</b>								
Accounts payable	\$ 725,000	\$ -	\$ -	\$ 681,126	\$ 30,001	\$ -	\$ 28,315	\$ 10,017
Accrued salaries	-	-	-	-	-	-	58,983	9,571
Advance payable	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>725,000</b>	<b>-</b>	<b>-</b>	<b>681,126</b>	<b>30,001</b>	<b>-</b>	<b>87,298</b>	<b>19,588</b>
<b>Deferred inflows of resources:</b>								
Unavailable revenue - property tax receivable	-	-	24,591	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>24,591</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>								
Restricted for:								
Visitor improvement	1,868,909	1,353,090	-	-	-	-	-	-
Rural library services	-	-	305,265	-	-	-	-	-
Building, land and road maintenance	-	-	-	-	-	-	-	-
Drug education	-	-	-	2,018,994	-	-	-	-
Economic development	-	-	-	-	-	370,494	-	-
Debt service	-	-	-	-	-	-	-	-
Minor equipment	-	-	-	-	-	-	-	-
Emergency management	-	-	-	236,666	-	-	-	-
Community aid	-	-	-	61,109	-	-	-	-
Committed for:								
Community betterment	-	-	-	-	1,869,395	-	-	-
Building maintenance	-	-	-	-	-	-	-	-
Building, land and road maintenance	-	-	-	-	-	-	-	-
Assigned for:								
Public health and human services	-	-	-	-	-	-	159,246	-
Building, land and road maintenance	-	-	-	-	-	-	-	130,794
<b>Total fund balances</b>	<b>1,868,909</b>	<b>1,353,090</b>	<b>305,265</b>	<b>2,316,769</b>	<b>1,869,395</b>	<b>370,494</b>	<b>159,246</b>	<b>130,794</b>
<b>Total liabilities, deferred outflows of resources and fund balances</b>	<b>\$ 2,593,909</b>	<b>\$ 1,353,090</b>	<b>\$ 329,856</b>	<b>\$ 2,997,895</b>	<b>\$ 1,899,396</b>	<b>\$ 370,494</b>	<b>\$ 246,544</b>	<b>\$ 150,382</b>

**LANCASTER COUNTY, NEBRASKA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2017**

	Special Revenue Funds			Debt Service Fund		Capital Project Funds		Total Nonmajor Governmental Funds
	Building	County Property Management	City Building Maintenance	Debt Service	Correctional Facility Joint Public Agency	Bridge and Special Road	Jail Savings	
<b>Assets:</b>								
Cash, including investments	\$ 455,098	\$ 115,986	\$ 220,865	\$ -	\$ 2,402,448	\$ 6,778,833	\$ 785,256	\$ 19,023,632
Taxes receivable	198,546	-	-	-	1,900,759	-	-	2,389,951
Due from other government agencies	2,689	132,646	75,875	-	26,058	-	-	1,400,871
Accounts receivable	-	5,436	-	-	-	30,244	-	124,799
Interest receivable	-	-	-	-	-	1,245	-	3,299
Patient and insurance receivables, net of allowance for doubtful accounts of \$808,247	-	-	-	-	-	-	-	130,998
<b>Total assets</b>	<b>\$ 656,333</b>	<b>\$ 254,068</b>	<b>\$ 296,740</b>	<b>\$ -</b>	<b>\$ 4,329,265</b>	<b>\$ 6,810,322</b>	<b>\$ 785,256</b>	<b>\$ 23,073,550</b>
<b>Liabilities:</b>								
Accounts payable	\$ 151,473	\$ 47,396	\$ 4,194	\$ -	\$ -	\$ 186,132	\$ 1,294	\$ 1,864,948
Accrued salaries	-	82,219	-	-	-	45,078	-	195,851
Advance payable	-	-	219,195	-	-	-	-	219,195
<b>Total liabilities</b>	<b>151,473</b>	<b>129,615</b>	<b>223,389</b>	<b>-</b>	<b>-</b>	<b>231,210</b>	<b>1,294</b>	<b>2,279,994</b>
<b>Deferred inflows of resources:</b>								
Unavailable revenue - property tax receivable	11,715	-	-	-	105,859	-	-	142,165
<b>Total deferred inflows of resources</b>	<b>11,715</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>105,859</b>	<b>-</b>	<b>-</b>	<b>142,165</b>
<b>Fund balances:</b>								
Restricted for:								
Visitor improvement	-	-	-	-	-	-	-	3,221,999
Rural library services	-	-	-	-	-	-	-	305,265
Building, land and road maintenance	493,145	-	-	-	-	1,380,898	-	1,874,043
Drug education	-	-	-	-	-	-	-	2,018,994
Economic development	-	-	-	-	-	-	-	370,494
Debt service	-	-	-	-	4,223,406	-	-	4,223,406
Minor equipment	-	-	-	-	-	-	783,962	783,962
Emergency management	-	-	-	-	-	-	-	236,666
Community aid	-	-	-	-	-	-	-	61,109
Committed for:								
Community betterment	-	-	-	-	-	-	-	1,869,395
Building maintenance	-	124,453	73,351	-	-	-	-	197,804
Building, land and road maintenance	-	-	-	-	-	3,055,115	-	3,055,115
Assigned for:								
Public health and human services	-	-	-	-	-	-	-	159,246
Building, land and road maintenance	-	-	-	-	-	2,143,099	-	2,273,893
<b>Total fund balances</b>	<b>493,145</b>	<b>124,453</b>	<b>73,351</b>	<b>-</b>	<b>4,223,406</b>	<b>6,579,112</b>	<b>783,962</b>	<b>20,651,391</b>
<b>Total liabilities, deferred outflows of resources and fund balances</b>	<b>\$ 656,333</b>	<b>\$ 254,068</b>	<b>\$ 296,740</b>	<b>\$ -</b>	<b>\$ 4,329,265</b>	<b>\$ 6,810,322</b>	<b>\$ 785,256</b>	<b>\$ 23,073,550</b>

**LANCASTER COUNTY, NEBRASKA**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances - Nonmajor Governmental Funds**  
**Year Ended June 30, 2017**

**Special Revenue Funds**

	Visitors Improvement	Visitors Promotion	County Rural Library	Federal Grants	Keno	Economic Development	Mental Health	Weed Control
<b>Revenues:</b>								
Taxes	\$ 1,723,488	\$ 1,723,488	\$ 732,598	\$ 13,082	\$ -	\$ -	\$ (269)	\$ 94,410
Charges for services	-	-	-	355	-	-	289,691	36,452
Intergovernmental	-	-	52,516	2,225,856	-	-	1,273,525	156,807
Medicaid/Medicare/MRO reimbursements	-	-	-	-	-	-	293,695	-
License, fees and rental income	-	-	-	-	-	-	-	-
Interest income	-	-	-	10,222	-	1,674	-	-
Other income	-	-	-	235,675	1,134,767	15,587	5,079	5,392
<b>Total revenues</b>	<b>1,723,488</b>	<b>1,723,488</b>	<b>785,114</b>	<b>2,485,190</b>	<b>1,134,767</b>	<b>17,261</b>	<b>1,861,721</b>	<b>293,061</b>
<b>Expenditures:</b>								
General government	-	-	-	-	56,308	-	-	-
Public safety	-	-	-	2,513,757	-	-	-	-
Community development	-	-	-	-	-	1,993	-	-
Public works	-	-	-	-	-	-	-	391,342
Public health and human services	-	-	-	-	-	-	3,039,004	-
Culture and recreation	1,758,737	1,700,001	776,770	-	-	-	-	-
Capital outlays	-	-	-	272,941	29,096	-	-	1,287
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>1,758,737</b>	<b>1,700,001</b>	<b>776,770</b>	<b>2,786,698</b>	<b>85,404</b>	<b>1,993</b>	<b>3,039,004</b>	<b>392,629</b>
Excess of revenues over (under) expenditures	(35,249)	23,487	8,344	(301,508)	1,049,363	15,268	(1,177,283)	(99,568)
<b>Other financing sources (uses):</b>								
Sale of capital assets	-	-	-	21,891	-	-	5,506	-
Transfers in	-	-	-	107,827	-	-	893,575	156,807
Transfers out	-	-	-	(518,137)	(550,000)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(388,419)</b>	<b>(550,000)</b>	<b>-</b>	<b>899,081</b>	<b>156,807</b>
Net change in fund balances	(35,249)	23,487	8,344	(689,927)	499,363	15,268	(278,202)	57,239
Fund balances at beginning of year	1,904,158	1,329,803	296,921	3,006,696	1,370,032	355,226	437,448	73,555
<b>Fund balances at end of year</b>	<b>\$ 1,868,909</b>	<b>\$ 1,353,090</b>	<b>\$ 305,265</b>	<b>\$ 2,316,769</b>	<b>\$ 1,869,395</b>	<b>\$ 370,494</b>	<b>\$ 159,246</b>	<b>\$ 130,794</b>

**LANCASTER COUNTY, NEBRASKA**  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - Nonmajor Governmental Funds  
Year Ended June 30, 2017

	Special Revenue Funds			Debt Service Fund		Capital Project Funds		Total Nonmajor Governmental Funds
	Building	County Property Management	City Building Maintenance	Debt Service	Correctional Facility Joint Public Agency	Bridge and Special Road	Jail Savings	
<b>Revenues:</b>								
Taxes	\$ 487,795	\$ -	\$ -	\$ (126)	\$ 4,474,279	\$ -	\$ -	\$ 9,248,745
Charges for services	-	3,372,869	98,767	-	-	3,624,448	-	7,422,582
Intergovernmental	36,142	-	-	-	357,608	377,888	-	4,480,342
Medicaid/Medicare/MRO reimbursements	-	-	-	-	-	-	-	293,695
License, fees and rental income	117,502	1,075,075	-	-	-	-	-	1,192,577
Interest income	-	-	-	-	7,467	21,069	-	40,432
Other income	-	40	-	-	-	-	21,066	1,417,606
<b>Total revenues</b>	<b>641,439</b>	<b>4,447,984</b>	<b>98,767</b>	<b>(126)</b>	<b>4,839,354</b>	<b>4,023,405</b>	<b>21,066</b>	<b>24,095,979</b>
<b>Expenditures:</b>								
General government	93,481	4,846,193	375,578	-	-	-	-	5,371,560
Public safety	91,314	-	-	-	36,477	-	26,102	2,667,650
Community development	-	-	-	-	-	-	-	1,993
Public works	-	-	-	-	-	3,430,056	-	3,821,398
Public health and human services	-	-	-	-	-	-	-	3,039,004
Culture and recreation	-	-	-	-	-	-	-	4,235,508
Capital outlays	1,125,402	18,286	3,244	-	157,857	7,203,198	33,182	8,844,493
Debt service:								
Principal	-	-	-	527,696	2,805,000	-	-	3,332,696
Interest	-	-	-	5,274	2,056,930	-	-	2,062,204
<b>Total expenditures</b>	<b>1,310,197</b>	<b>4,864,479</b>	<b>378,822</b>	<b>532,970</b>	<b>5,056,264</b>	<b>10,633,254</b>	<b>59,284</b>	<b>33,376,506</b>
Excess of revenues over (under) expenditures	(668,758)	(416,495)	(280,055)	(533,096)	(216,910)	(6,609,849)	(38,218)	(9,280,527)
<b>Other financing sources (uses):</b>								
Sale of capital assets	-	-	-	-	-	20,143	-	47,540
Transfers in	176,229	100,000	-	-	-	6,585,671	-	8,020,109
Transfers out	-	-	-	(176,229)	-	-	-	(1,244,366)
<b>Total other financing sources (uses)</b>	<b>176,229</b>	<b>100,000</b>	<b>-</b>	<b>(176,229)</b>	<b>-</b>	<b>6,605,814</b>	<b>-</b>	<b>6,823,283</b>
Net change in fund balances	(492,529)	(316,495)	(280,055)	(709,325)	(216,910)	(4,035)	(38,218)	(2,457,244)
<b>Fund balances at beginning of year</b>	<b>985,674</b>	<b>440,948</b>	<b>353,406</b>	<b>709,325</b>	<b>4,440,316</b>	<b>6,583,147</b>	<b>822,180</b>	<b>23,108,635</b>
<b>Fund balances at end of year</b>	<b>\$ 493,145</b>	<b>\$ 124,453</b>	<b>\$ 73,351</b>	<b>\$ -</b>	<b>\$ 4,223,406</b>	<b>\$ 6,579,112</b>	<b>\$ 783,962</b>	<b>\$ 20,651,391</b>

**LANCASTER COUNTY, NEBRASKA**  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual - Budget Basis  
 Visitor Improvement Fund  
 Year Ended June 30, 2017

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 1,700,000	\$ 1,700,000	\$ 1,728,857	\$ 28,857
Total revenues	1,700,000	1,700,000	1,728,857	28,857
<b>Expenditures:</b>				
Other contracted services	3,557,111	3,557,111	1,815,129	1,741,982
Total expenditures	3,557,111	3,557,111	1,815,129	1,741,982
Net change in fund balance	\$ (1,857,111)	\$ (1,857,111)	(86,272)	\$ 1,770,839
Fund balance at beginning of year			1,857,112	
Fund balance at end of year			\$ 1,770,840	

**LANCASTER COUNTY, NEBRASKA**  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual - Budget Basis  
 Visitor Promotion Fund  
 Year Ended June 30, 2017

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 1,700,000	\$ 1,700,000	\$ 1,728,857	\$ 28,857
Total revenues	<u>1,700,000</u>	<u>1,700,000</u>	<u>1,728,857</u>	<u>28,857</u>
<b>Expenditures:</b>				
Other contracted services	1,700,000	1,700,000	1,700,000	-
Miscellaneous fees & services	1,001,162	1,001,162	-	1,001,162
Total expenditures	<u>2,701,162</u>	<u>2,701,162</u>	<u>1,700,000</u>	<u>1,001,162</u>
Net change in fund balance	<u>\$ (1,001,162)</u>	<u>\$ (1,001,162)</u>	28,857	<u>\$ 1,030,019</u>
Fund balance at beginning of year			<u>1,001,164</u>	
Fund balance at end of year			<u>\$ 1,030,021</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, 2017

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 765,040	\$ 765,040	\$ 738,271	\$ (26,769)
State revenues	3,000	3,000	53,744	50,744
Intergovernmental	-	-	154	154
Total revenues	<u>768,040</u>	<u>768,040</u>	<u>792,169</u>	<u>24,129</u>
<b>Expenditures:</b>				
City/County shared	776,770	776,770	776,770	-
Miscellaneous fees & services	500	500	-	500
Total expenditures	<u>777,270</u>	<u>777,270</u>	<u>776,770</u>	<u>500</u>
Net change in fund balance	<u>\$ (9,230)</u>	<u>\$ (9,230)</u>	15,399	<u>\$ 24,629</u>
<b>Fund balance at beginning of year</b>			<u>19,229</u>	
<b>Fund balance at end of year</b>			<u>\$ 34,628</u>	

**LANCASTER COUNTY, NEBRASKA**  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual - Budget Basis  
Federal Grants Fund  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ 3,244	\$ 3,244
Charges for services	-	-	355	355
Federal receipts	4,097,119	4,097,119	1,945,074	(2,152,045)
State revenues	1,432,940	1,432,940	1,083,984	(348,956)
Interest on investments	-	-	10,207	10,207
Intergovernmental	65,202	65,202	75,586	10,384
Other receipts	12,527	12,527	247,147	234,620
Total revenues	5,607,788	5,607,788	3,365,597	(2,242,191)
<b>Expenditures:</b>				
Office supplies	45	45	893	(848)
Operating supplies	421,691	421,691	136,227	285,464
Medical supplies	-	-	2,844	(2,844)
Energy supplies	-	-	776	(776)
Repair & maintenance supplies	-	-	1,524	(1,524)
Food supplies	300	300	280	20
Other contracted services	4,749,428	4,749,428	1,052,579	3,696,849
Not-for-profit contracts	-	-	814,540	(814,540)
Transportation, travel & subsistence	1,296	1,296	111,472	(110,176)
Communications	-	-	2,675	(2,675)
Postage, courier & freight	-	-	7	(7)
Printing & advertising	-	-	804	(804)
Miscellaneous fees & services	438,167	438,167	1,527,368	(1,089,201)
Utilities	-	-	967	(967)
Repair & maintenance costs	-	-	22,227	(22,227)
Rentals	-	-	11,671	(11,671)
Equipment	12,959	12,959	287,353	(274,394)
Total expenditures	5,623,886	5,623,886	3,974,207	1,649,679
Revenue over (under) expenditures	(16,098)	(16,098)	(608,610)	(592,512)
<b>Other Financing Sources (Uses):</b>				
Sale of equipment	-	-	34,773	34,773
Transfers in	-	-	107,827	107,827
Transfers out	(3,010,723)	(3,010,723)	(518,137)	2,492,586
Total other financing sources (uses)	(3,010,723)	(3,010,723)	(375,537)	2,635,186
Net change in fund balance	\$ (3,026,821)	\$ (3,026,821)	(984,147)	\$ 2,042,674
<b>Fund balance at beginning of year</b>			3,026,822	
<b>Fund balance at end of year</b>			\$ 2,042,675	

**LANCASTER COUNTY, NEBRASKA**  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual - Budget Basis  
Keno Fund  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Revenues:</b>				
Other receipts	\$ 1,050,000	\$ 1,050,000	\$ 1,126,138	\$ 76,138
Total revenues	1,050,000	1,050,000	1,126,138	76,138
<b>Expenditures:</b>				
City/County shared	652,503	652,503	-	652,503
Not-for-profit contracts	55,000	55,000	54,933	67
Miscellaneous fees & services	1,051,797	1,051,797	-	1,051,797
Equipment	59,949	59,949	29,097	30,852
Total expenditures	1,819,249	1,819,249	84,030	1,735,219
Revenue over (under) expenditures	769,249	769,249	1,042,108	1,811,357
<b>Other Financing Sources (Uses):</b>				
Transfers out	(550,000)	(550,000)	(550,000)	-
Total other financing sources (uses)	(550,000)	(550,000)	(550,000)	-
Net change in fund balance	\$ 1,319,249	\$ 1,319,249	492,108	\$ 1,811,357
Fund balance at beginning of year			1,319,249	
Fund balance at end of year			\$ 1,811,357	

**LANCASTER COUNTY, NEBRASKA**

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Budget Basis

Economic Development Fund

Year Ended June 30, 2017

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Revenues:</b>				
Interest on investments	\$ 1,500	\$ 1,500	\$ 829	\$ (671)
Other receipts	15,500	15,500	15,587	87
Total revenues	<u>17,000</u>	<u>17,000</u>	<u>16,416</u>	<u>(584)</u>
<b>Expenditures:</b>				
Other contracted services	20,000	20,000	1,993	18,007
Miscellaneous fees & services	352,053	352,053	-	352,053
Total expenditures	<u>372,053</u>	<u>372,053</u>	<u>1,993</u>	<u>370,060</u>
Net change in fund balance	<u>\$ (355,053)</u>	<u>\$ (355,053)</u>	14,423	<u>\$ 369,476</u>
Fund balance at beginning of year			<u>355,052</u>	
Fund balance at end of year			<u>\$ 369,475</u>	

**LANCASTER COUNTY, NEBRASKA**  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual - Budget Basis  
Mental Health Fund  
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<b>Actual Amount Budgetary Basis</b>	<b>Variance with Final Budget Positive/ (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
State revenues	\$ 1,272,103	\$ 1,272,103	\$ 1,265,982	\$ (6,121)
Medicaid/Medicare/MRO reimbursements	425,000	425,000	316,201	(108,799)
County aid	893,575	893,575	893,575	-
Taxes	-	-	(269)	(269)
Charges for services	320,000	320,000	299,782	(20,218)
Other income	1,000	1,000	10,585	9,585
Total revenues	<u>2,911,678</u>	<u>2,911,678</u>	<u>2,785,856</u>	<u>(125,822)</u>
<b>Expenditures:</b>				
Salaries & wages	1,908,989	1,908,989	1,920,827	(11,838)
Employee benefits	626,918	626,918	622,009	4,909
Contracted services	128,758	128,758	72,997	55,761
Lease expense	170,400	170,400	170,400	-
Client services	40,750	40,750	35,268	5,482
Contracted medical services	165,700	165,700	109,514	56,186
Insurance	34,922	34,922	31,956	2,966
Communications	3,150	3,150	3,147	3
Miscellaneous fees & services	8,200	8,200	3,870	4,330
Repair & maintenance costs	1,000	1,000	85	915
Energy supplies	250	250	55	195
Other compensation	21,030	21,030	14,069	6,961
Operating supplies	6,800	6,800	7,858	(1,058)
Printing & advertising	5,000	5,000	3,673	1,327
Medical supplies	25,500	25,500	23,392	2,108
Transportation & travel	250	250	-	250
Postage, courier and freight	1,000	1,000	519	481
Office supplies	2,500	2,500	2,299	201
Equipment	6,000	6,000	8,041	(2,041)
Total expenditures	<u>3,157,117</u>	<u>3,157,117</u>	<u>3,029,979</u>	<u>127,138</u>
Net change in fund balance	<u>\$ (245,439)</u>	<u>\$ (245,439)</u>	(244,123)	<u>\$ 1,316</u>
Fund balance at beginning of year			245,439	
Fund balance at end of year			<u>\$ 1,316</u>	

**LANCASTER COUNTY, NEBRASKA**  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual - Budget Basis  
Weed Control Fund  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 32,000	\$ 32,000	\$ 94,410	\$ 62,410
Charges for services	28,580	28,580	35,372	6,792
Intergovernmental	156,807	156,807	156,807	-
Other receipts	6,500	6,500	5,392	(1,108)
Total revenues	223,887	223,887	291,981	68,094
<b>Expenditures:</b>				
Salaries & wages	203,414	203,414	205,247	(1,833)
Employee benefits	71,234	71,234	63,035	8,199
Other compensation costs	6,062	6,062	4,562	1,500
Office supplies	1,450	1,450	929	521
Operating supplies	9,450	9,450	6,429	3,021
Energy supplies	8,000	8,000	3,973	4,027
Other contracted services	48,376	48,376	49,216	(840)
Transportation, travel & subsistence	2,130	2,130	1,400	730
Communications	2,850	2,850	2,471	379
Postage, courier and freight	7,000	7,000	5,178	1,822
Printing & advertising	3,800	3,800	2,568	1,232
Miscellaneous fees & services	36,635	36,635	36,302	333
Insurance & surety bonds	4,645	4,645	4,618	27
Utilities	950	950	-	950
Repair & maintenance costs	5,000	5,000	4,296	704
Equipment	1,950	1,950	1,285	665
Total expenditures	412,946	412,946	391,509	21,437
Revenue over (under) expenditures	(189,059)	(189,059)	(99,528)	89,531
<b>Other Financing Sources (Uses):</b>				
Transfers in	156,807	156,807	156,807	-
Total other financing sources (uses)	156,807	156,807	156,807	-
Net change in fund balance	\$ (32,252)	\$ (32,252)	57,279	\$ 89,531
<b>Fund balance at beginning of year</b>			72,249	
<b>Fund balance at end of year</b>			\$ 129,528	

**LANCASTER COUNTY, NEBRASKA**  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual - Budget Basis  
Building Fund  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 515,000	\$ 515,000	\$ 374,854	\$ (140,146)
State revenues	1,250	1,250	34,733	33,483
Licenses, fees, and rental income	117,502	117,502	117,502	-
Intergovernmental	-	-	20	20
Total revenues	633,752	633,752	527,109	(106,643)
<b>Expenditures:</b>				
Rentals	36,750	36,750	40,886	(4,136)
Other contracted services	-	-	114,998	(114,998)
Miscellaneous fees & services	-	-	4,741	(4,741)
Repair & maintenance costs	-	-	21,323	(21,323)
Land	1,000	1,000	1,000	-
Buildings	647,432	647,432	205,290	442,142
Improvements other than buildings	-	-	4,915	(4,915)
Equipment	1,040,000	1,040,000	865,022	174,978
Total expenditures	1,725,182	1,725,182	1,258,175	467,007
Revenue over (under) expenditures	(1,091,430)	(1,091,430)	(731,066)	360,364
<b>Other Financing Sources (Uses):</b>				
Transfers in	176,356	176,356	176,229	(127)
Total other financing sources (uses)	176,356	176,356	176,229	(127)
Net change in fund balance	\$ (915,074)	\$ (915,074)	(554,837)	\$ 360,237
Fund balance at beginning of year			915,074	
Fund balance at end of year			\$ 360,237	

**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, 2017

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 3,484,988	\$ 3,484,988	\$ 3,683,861	\$ 198,873
Licenses, fees, and rental income	1,076,893	1,076,893	1,075,075	(1,818)
Other receipts	200,000	200,000	40	(199,960)
Total revenues	<u>4,761,881</u>	<u>4,761,881</u>	<u>4,758,976</u>	<u>(2,905)</u>
<b>Expenditures:</b>				
Salaries & wages	3,063,294	3,063,294	2,849,109	214,185
Employee benefits	1,277,387	1,277,387	1,275,286	2,101
Other compensation costs	65,167	65,167	58,423	6,744
Operating supplies	22,900	22,900	14,238	8,662
Medical supplies	500	500	-	500
Energy supplies	5,110	5,110	3,173	1,937
Traffic control supplies	500	500	788	(288)
Repair & maintenance supplies	41,118	41,118	29,718	11,400
Other contracted services	258,875	258,875	252,531	6,344
City/County Shared	-	-	2,562	(2,562)
Trans, travel & subsistence	-	-	408	(408)
Communications	2,860	2,860	8,611	(5,751)
Postage, courier, & freight	81	81	102	(21)
Printing & advertising	300	300	-	300
Contracted health services	324	324	178	146
Miscellaneous fees & services	1,015	1,015	818	197
Insurance & surety bonds	72,240	72,240	37,034	35,206
Utilities	417,869	417,869	388,764	29,105
Repair & maintenance costs	37,144	37,144	82,263	(45,119)
Rentals	2,695	2,695	3,195	(500)
Buildings	102,480	102,480	1,875	100,605
Improvements other than buildings	-	-	4,140	(4,140)
Equipment	35	35	10,204	(10,169)
Total expenditures	<u>5,371,894</u>	<u>5,371,894</u>	<u>5,023,420</u>	<u>348,474</u>
Revenue over (under) expenditures	<u>(610,013)</u>	<u>(610,013)</u>	<u>(264,444)</u>	<u>(351,379)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	100,000	100,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Net change in fund balance	<u>\$ (610,013)</u>	<u>\$ (610,013)</u>	<u>(164,444)</u>	<u>\$ (251,379)</u>
Fund balance at beginning of year			<u>660,005</u>	
Fund balance at end of year			<u>\$ 495,561</u>	



**LANCASTER COUNTY, NEBRASKA**

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Budget Basis

City Building Maintenance Fund

Year Ended June 30, 2017

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget
	Original	Final		Positive/ (Negative)
<b>Revenues:</b>				
Charges for services	\$ 303,500	\$ 303,500	\$ 8,429	\$ (295,071)
Total revenues	303,500	303,500	8,429	(295,071)
<b>Expenditures:</b>				
Operating supplies	2,500	2,500	2,431	69
Energy Supplies	5,000	5,000	2,467	2,533
Repair & maintenance supplies	7,000	7,000	9,883	(2,883)
Other contracted services	273,000	273,000	288,777	(15,777)
City/County Shared	3,000	3,000	2,203	797
Communications	-	-	1,107	(1,107)
Miscellaneous fees & services	2,000	2,000	1,622	378
Insurance & surety bonds	2,000	2,000	2,884	(884)
Utilities	41,500	41,500	24,452	17,048
Repair & maintenance costs	29,000	29,000	16,753	12,247
Rentals	30,000	30,000	23,565	6,435
Buildings	273,459	273,459	-	273,459
Improvements other than buildings	5,000	5,000	3,206	1,794
Equipment	1,000	1,000	37	963
Total expenditures	674,459	674,459	379,387	295,072
Net change in fund balance	\$ (370,959)	\$ (370,959)	(370,958)	\$ 1
Fund balance at beginning of year			370,958	
Fund balance at end of year			\$ -	

**LANCASTER COUNTY, NEBRASKA**  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual - Budget Basis  
Debt Service Fund  
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amount Budgetary Basis</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ (126)	\$ (126)
Total revenues	-	-	(126)	(126)
<b>Expenditures:</b>				
Debt service	532,970	532,970	532,970	-
Total expenditures	532,970	532,970	532,970	-
Revenue over (under) expenditures	(532,970)	(532,970)	(533,096)	(126)
<b>Other Financing Sources (Uses):</b>				
Transfers out	(176,356)	(176,356)	176,229	127
Total other financing sources (uses)	(176,356)	(176,356)	176,229	127
Net change in fund balance	<u>\$ (709,326)</u>	<u>\$ (532,970)</u>	(709,325)	<u>\$ (126)</u>
Fund balance at beginning of year			<u>709,325</u>	
Fund balance at end of year			<u>\$ -</u>	

**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, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amount Budgetary Basis</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 4,790,784	\$ 4,790,784	\$ 4,496,891	\$ (293,893)
State revenues	16,100	16,100	351,091	334,991
Interest income	8,000	8,000	7,467	(533)
Intergovernmental	1,400	1,400	1,559	159
Total revenues	<u>4,816,284</u>	<u>4,816,284</u>	<u>4,857,008</u>	<u>40,724</u>
<b>Expenditures:</b>				
Other contracted services	-	-	43	(43)
Repair and maintenance	-	-	36,434	(36,434)
Capital outlay	195,227	195,227	157,857	37,370
Debt service	4,861,930	4,861,930	4,861,930	-
Total expenditures	<u>5,057,157</u>	<u>5,057,157</u>	<u>5,056,264</u>	<u>893</u>
Net change in fund balance	<u>\$ (240,873)</u>	<u>\$ (240,873)</u>	(199,256)	<u>\$ 41,617</u>
Fund balance at beginning of year			<u>2,601,113</u>	
Fund balance at end of year			<u>\$ 2,401,857</u>	

**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, 2017

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ 1	\$ 1
Charges for services	4,706,125	4,706,125	3,625,883	(1,080,242)
State revenues	334,000	334,000	377,888	43,888
Interest on investments	33,600	33,600	21,990	(11,610)
Total revenues	5,073,725	5,073,725	4,025,762	(1,047,963)
<b>Expenditures:</b>				
Salaries & wages	1,599,037	1,599,037	1,480,115	118,922
Employee benefits	676,949	676,949	646,156	30,793
Other compensation costs	59,602	59,602	59,602	-
Operating supplies	19,000	19,000	19,328	(328)
Medical supplies	200	200	-	200
Energy supplies	507,000	507,000	278,203	228,797
Highway & bridge supplies	902,800	902,800	850,629	52,171
Traffic control supplies	6,700	6,700	6,106	594
Repair & maintenance supplies	158,000	158,000	79,175	78,825
Postage, courier & freight	550	550	275	275
Miscellaneous fees & services	1,700	1,700	3,220	(1,520)
Repair & maintenance costs	23,800	23,800	16,259	7,541
Rentals	5,000	5,000	2,780	2,220
Land	76,500	76,500	-	76,500
Equipment	176,800	176,800	193,852	(17,052)
Capitalized contracts	9,840,521	9,840,521	5,833,323	4,007,198
Total expenditures	14,054,159	14,054,159	9,469,023	4,585,136
Revenue over (under) expenditures	(8,980,434)	(8,980,434)	(5,443,261)	3,537,173
<b>Other Financing Sources (Uses):</b>				
Proceeds from sale of capital assets	15,000	15,000	20,143	5,143
Transfers in	6,585,671	6,585,671	6,585,671	-
Total other financing sources (uses)	6,600,671	6,600,671	6,605,814	5,143
Net change in fund balance	\$ (2,379,763)	\$ (2,379,763)	1,162,553	\$ 3,542,316
<b>Fund balance at beginning of year</b>			2,379,763	
Encumbrance credit			37,702	
<b>Fund balance at end of year</b>			<b>\$ 3,580,018</b>	

**LANCASTER COUNTY, NEBRASKA**  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual - Budget Basis  
Jail Savings Fund  
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<b>Actual Amount Budgetary Basis</b>	<b>Variance with Final Budget Positive/ (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Other income	\$ -	\$ -	\$ 21,066	\$ 21,066
Total revenues	-	-	21,066	21,066
<b>Expenditures:</b>				
Operating supplies	-	-	3,857	(3,857)
Repair & maintenance costs	100,000	100,000	22,245	77,755
Equipment	710,480	710,480	33,182	677,298
Capitalized contracts	11,700	11,700	-	11,700
Total expenditures	822,180	822,180	59,284	762,896
Net change in fund balance	<u>\$ (822,180)</u>	<u>\$ (822,180)</u>	(38,218)	<u>\$ 783,962</u>
<b>Fund balance at beginning of year</b>			822,180	
<b>Fund balance at end of year</b>			<u>\$ 783,962</u>	

**LANCASTER COUNTY, NEBRASKA**  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual - Budget Basis  
Highway Fund  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 10,000	\$ 10,000	\$ 31,327	\$ 21,327
Federal Receipts	-	-	65,706	65,706
State revenues	8,197,403	8,197,403	8,306,459	109,056
Licenses, fees, and rental income	3,500	3,500	3,960	460
Interest on investments	32,000	32,000	18,910	(13,090)
Other receipts	40,500	40,500	59,894	19,394
Total revenues	<u>8,283,403</u>	<u>8,283,403</u>	<u>8,486,256</u>	<u>202,853</u>
<b>Expenditures:</b>				
Salaries & wages	1,796,472	1,796,472	1,866,090	(69,618)
Employee benefits	792,825	792,825	806,567	(13,742)
Other compensation costs	67,368	67,368	67,368	-
Operating supplies	131,948	131,948	146,125	(14,177)
Medical supplies	4,650	4,650	2,294	2,356
Energy supplies	671,000	671,000	397,742	273,258
Highway & bridge supplies	1,236,100	1,236,100	1,182,512	53,588
Traffic control supplies	199,170	199,170	227,154	(27,984)
Repair & maintenance supplies	348,000	348,000	452,283	(104,283)
Other contracted services	5,200	5,200	1,140	4,060
Postage, courier & freight	3,900	3,900	3,353	547
Printing & advertising	680	680	450	230
Miscellaneous fees & services	37,150	37,150	35,438	1,712
Repair & maintenance costs	1,163,300	1,163,300	1,080,804	82,496
Rentals	12,100	12,100	35,723	(23,623)
Buildings	900,000	900,000	-	900,000
Equipment	802,026	802,026	722,174	79,852
Capitalized contracts	7,248,900	7,248,900	6,040,388	1,208,512
Total expenditures	<u>15,420,789</u>	<u>15,420,789</u>	<u>13,067,605</u>	<u>2,353,184</u>
Revenue over (under) expenditures	<u>(7,137,386)</u>	<u>(7,137,386)</u>	<u>(4,581,349)</u>	<u>2,556,037</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds from sale of capital assets	10,000	10,000	55,064	45,064
Transfers in	5,493,393	5,493,393	4,133,155	(1,360,238)
Total other financing sources (uses)	<u>5,503,393</u>	<u>5,503,393</u>	<u>4,188,219</u>	<u>(1,315,174)</u>
Net change in fund balance	<u>\$ (1,633,993)</u>	<u>\$ (1,633,993)</u>	<u>(393,130)</u>	<u>\$ 1,240,863</u>
<b>Fund balance at beginning of year</b>			1,833,993	
Encumbrance credit			12,199	
<b>Fund balance at end of year</b>			<u>\$ 1,453,062</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amount Budgetary Basis</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures:</b>				
Other client services	\$ 15,344	\$ 15,344	\$ 4,977	\$ 10,367
Total expenditures	15,344	15,344	4,977	10,367
<b>Other Financing Sources (Uses):</b>				
Transfers in	5,000	5,000	5,000	-
Total other financing sources (uses)	5,000	5,000	5,000	-
Net change in fund balance	<u>\$ (10,344)</u>	<u>\$ (10,344)</u>	23	<u>\$ 10,367</u>
Fund balance at beginning of year			13,605	
Fund balance at end of year			<u>\$ 13,628</u>	

**LANCASTER COUNTY, NEBRASKA**

Combining Statement of Net Position

Internal Service Funds

June 30, 2017

	<b>Workers'</b>		<b>Other Self</b>		<b>Group</b>		<b>Total</b>
	<b>Compensation</b>		<b>Insurance Loss</b>		<b>Insurance</b>		
<b>Assets:</b>							
Current assets:							
Cash, including investments	\$ 252,445	\$	2,838,298	\$	10,844,786	\$	13,935,529
Accounts receivable	1,290		2,961		13,575		17,826
Interest receivable	13		717		-		730
<b>Total current assets</b>	<b>253,748</b>		<b>2,841,976</b>		<b>10,858,361</b>		<b>13,954,085</b>
<b>Liabilities:</b>							
Current liabilities:							
Accounts payable	32,478		-		102,639		135,117
Claims payable	1,368,324		453,245		554,000		2,375,569
Accrued salaries	3,594		-		-		3,594
Current portion - accrued compensated absences	10,000		-		-		10,000
<b>Total current liabilities</b>	<b>1,414,396</b>		<b>453,245</b>		<b>656,639</b>		<b>2,524,280</b>
Noncurrent liabilities:							
Accrued compensated absences	49,811		-		-		49,811
<b>Total liabilities</b>	<b>1,464,207</b>		<b>453,245</b>		<b>656,639</b>		<b>2,574,091</b>
<b>Net position:</b>							
Unrestricted	\$ (1,210,459)	\$	2,388,731	\$	10,201,722	\$	11,379,994



## LANCASTER COUNTY, NEBRASKA

### Combining Statement of Revenues, Expenses, and Changes in Net Position Internal Service Funds Year Ended June 30, 2017

	<b>Workers' Compensation</b>	<b>Other Self Insurance Loss</b>	<b>Group Insurance</b>	<b>Total</b>
<b>Operating revenues:</b>				
Charges for services	\$ 686,607	\$ 400,773	\$ 13,562,076	\$ 14,649,456
Other insurance reimbursements	62,808	9,051	-	71,859
<b>Total operating revenues</b>	<b>749,415</b>	<b>409,824</b>	<b>13,562,076</b>	<b>14,721,315</b>
<b>Operating expenses:</b>				
Insurance	467,586	283,987	8,713,923	9,465,496
Contractual	482,453	35,063	1,296,494	1,814,010
Wages and benefits	151,302	-	-	151,302
Other	48,384	3,561	43,903	95,848
Rental	5,114	-	-	5,114
Supplies	523	-	-	523
Claims reserve adjustment	435,957	(469,790)	(28,000)	(61,833)
<b>Total operating expenses</b>	<b>1,591,319</b>	<b>(147,179)</b>	<b>10,026,320</b>	<b>11,470,460</b>
<b>Operating income (loss)</b>	<b>(841,904)</b>	<b>557,003</b>	<b>3,535,756</b>	<b>3,250,855</b>
<b>Nonoperating revenues:</b>				
Interest	1,103	6,779	-	7,882
<b>Total nonoperating revenue</b>	<b>1,103</b>	<b>6,779</b>	<b>-</b>	<b>7,882</b>
<b>Income (loss) before contributions and transfers</b>	<b>(840,801)</b>	<b>563,782</b>	<b>3,535,756</b>	<b>3,258,737</b>
Transfers in	100,000	50,000	-	150,000
<b>Change in net position</b>	<b>(740,801)</b>	<b>613,782</b>	<b>3,535,756</b>	<b>3,408,737</b>
<b>Total net position-beginning of year</b>	<b>(469,658)</b>	<b>1,774,949</b>	<b>6,665,966</b>	<b>7,971,257</b>
<b>Total net position-end of year</b>	<b>\$ (1,210,459)</b>	<b>\$ 2,388,731</b>	<b>\$ 10,201,722</b>	<b>\$ 11,379,994</b>

## LANCASTER COUNTY, NEBRASKA

### Combining Statement of Cash Flows

#### Internal Service Funds

Year Ended June 30, 2017

	Workers' Compensation	Other Self Insurance Loss	Group Insurance	Total
<b>Cash flows from operating activities:</b>				
Cash received for services	\$ 686,607	\$ 400,773	\$ 13,562,076	\$ 14,649,456
Cash received from insurance companies	62,808	9,051	-	71,859
Cash payments for claims	(1,199,790)	(327,067)	(10,029,838)	(11,556,695)
<b>Net cash flow from operating activities</b>	<b>(450,375)</b>	<b>82,757</b>	<b>3,532,238</b>	<b>3,164,620</b>
<b>Cash flows from non-capital financing activities:</b>				
Transfers from other funds	100,000	50,000	-	150,000
<b>Net cash flow from non-capital financing activities</b>	<b>100,000</b>	<b>50,000</b>	<b>-</b>	<b>150,000</b>
<b>Cash flows from investing activities:</b>				
Interest on investments	1,103	6,779	-	7,882
<b>Net cash flow from investing activities</b>	<b>1,103</b>	<b>6,779</b>	<b>-</b>	<b>7,882</b>
Change in cash and cash equivalents	(349,272)	139,536	3,532,238	3,322,502
<b>Cash and cash equivalents-beginning of the year</b>	<b>601,717</b>	<b>2,698,762</b>	<b>7,312,548</b>	<b>10,613,027</b>
<b>Cash and cash equivalents-end of the year</b>	<b>\$ 252,445</b>	<b>\$ 2,838,298</b>	<b>\$ 10,844,786</b>	<b>\$ 13,935,529</b>
<b>Reconciliation of operating income (loss) to net cash flow from operating activities:</b>				
Operating income (loss)	\$ (841,904)	\$ 557,003	\$ 3,535,756	\$ 3,250,855
Adjustments to reconcile operating income (loss) to net cash flow from operating activities:				
Change in accounts receivable	256	(2,961)	(3,330)	(6,035)
Change in interest receivable	255	603	-	858
Change in accrued liabilities	(44,939)	(2,098)	27,812	(19,225)
Change in claims payable	435,957	(469,790)	(28,000)	(61,833)
<b>Net cash flow from operating activities</b>	<b>\$ (450,375)</b>	<b>\$ 82,757</b>	<b>\$ 3,532,238</b>	<b>\$ 3,164,620</b>

**LANCASTER COUNTY, NEBRASKA**  
Combining Statement of Fiduciary Net Position  
Employee Benefit Trust Funds  
June 30, 2017

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total</u>
<b>Assets:</b>			
Investments:			
Cash management fund	\$ -	\$ 149,415	\$ 149,415
Stable value fund	41,192,441	-	41,192,441
Mutual funds - domestic equities	55,765,511	437,769	56,203,280
Mutual funds - international equities	22,802,006	77,859	22,879,865
Mutual funds - balanced funds	2,980,725	7,065,278	10,046,003
Other fixed income	13,647,300	49,985	13,697,285
Employee contributions receivable	-	-	-
Employer contributions receivable	-	-	-
Total assets	<u>136,387,983</u>	<u>7,780,306</u>	<u>144,168,289</u>
<b>Net position:</b>			
Held in trust for employee benefits	<u>136,387,983</u>	<u>7,780,306</u>	<u>144,168,289</u>
Total net position	<u>\$ 136,387,983</u>	<u>\$ 7,780,306</u>	<u>\$ 144,168,289</u>

**LANCASTER COUNTY, NEBRASKA**  
Combining Statement of Changes in Fiduciary Net Position  
Employee Benefit Trust Funds  
Year Ended June 30, 2017

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total</u>
<b>Additions:</b>			
Contributions:			
Employee	\$ 2,448,826	\$ -	\$ 2,448,826
Employer	3,420,617	913,860	4,334,477
Forfeitures	55,999	-	55,999
Rollovers	269,670	-	269,670
Total contributions	<u>6,195,112</u>	<u>913,860</u>	<u>7,108,972</u>
Investment income:			
Net appreciation in fair value of investments	12,281,283	520,701	12,801,984
Dividends and interest	3,035,364	-	3,035,364
Miscellaneous	29,020	(41,099)	(12,079)
Total net investment income	<u>15,345,667</u>	<u>479,602</u>	<u>15,825,269</u>
Total additions	<u>21,540,779</u>	<u>1,393,462</u>	<u>22,934,241</u>
<b>Deductions:</b>			
Benefits paid	7,651,619	383,423	8,035,042
Forfeitures	100,070	-	100,070
Total deductions	<u>7,751,689</u>	<u>383,423</u>	<u>8,135,112</u>
Change in net position	13,789,090	1,010,039	14,799,129
<b>Net position - beginning of year</b>	<u>122,598,893</u>	<u>6,770,267</u>	<u>129,369,160</u>
<b>Net position - end of year</b>	<u>\$ 136,387,983</u>	<u>\$ 7,780,306</u>	<u>\$ 144,168,289</u>

**LANCASTER COUNTY, NEBRASKA**  
 Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 Year Ended June 30, 2017

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Assessor/ Register of Deeds</u>				
<b>Assets</b>				
Cash, including investments	\$ 264,484	\$ 5,525,454	\$ 5,501,384	\$ 288,554
Total assets	<u>\$ 264,484</u>	<u>\$ 5,525,454</u>	<u>\$ 5,501,384</u>	<u>\$ 288,554</u>
<b>Liabilities</b>				
Due to others	\$ 264,484	\$ 5,525,454	\$ 5,501,384	\$ 288,554
Total liabilities	<u>\$ 264,484</u>	<u>\$ 5,525,454</u>	<u>\$ 5,501,384</u>	<u>\$ 288,554</u>
<u>Community Corrections</u>				
<b>Assets</b>				
Cash, including investments	\$ 3,072	\$ 311,168	\$ 308,946	\$ 5,294
Total assets	<u>\$ 3,072</u>	<u>\$ 311,168</u>	<u>\$ 308,946</u>	<u>\$ 5,294</u>
<b>Liabilities</b>				
Due to others	\$ 3,072	\$ 311,168	\$ 308,946	\$ 5,294
Total liabilities	<u>\$ 3,072</u>	<u>\$ 311,168</u>	<u>\$ 308,946</u>	<u>\$ 5,294</u>
<u>Extension Board</u>				
<b>Assets</b>				
Cash, including investments	\$ 155,487	\$ 82,500	\$ 68,848	\$ 169,139
Total assets	<u>\$ 155,487</u>	<u>\$ 82,500</u>	<u>\$ 68,848</u>	<u>\$ 169,139</u>
<b>Liabilities</b>				
Due to others	\$ 155,487	\$ 82,500	\$ 68,848	\$ 169,139
Total liabilities	<u>\$ 155,487</u>	<u>\$ 82,500</u>	<u>\$ 68,848</u>	<u>\$ 169,139</u>
<u>Public Building Commission</u>				
<b>Assets</b>				
Cash, including investments	\$ 12,281,096	\$ 15,277,101	\$ 25,132,960	\$ 2,425,237
Total assets	<u>\$ 12,281,096</u>	<u>\$ 15,277,101</u>	<u>\$ 25,132,960</u>	<u>\$ 2,425,237</u>
<b>Liabilities</b>				
Due to others	\$ 12,281,096	\$ 15,277,101	\$ 25,132,960	\$ 2,425,237
Total liabilities	<u>\$ 12,281,096</u>	<u>\$ 15,277,101</u>	<u>\$ 25,132,960</u>	<u>\$ 2,425,237</u>

**LANCASTER COUNTY, NEBRASKA**  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2017

	Beginning Balance	Additions	Deductions	Ending Balance
<b><u>Railroad Transportation Safety District</u></b>				
<b>Assets</b>				
Cash, including investments	\$ 16,167,949	\$ 4,280,163	\$ 804,658	\$ 19,643,454
Total assets	<u>\$ 16,167,949</u>	<u>\$ 4,280,163</u>	<u>\$ 804,658</u>	<u>\$ 19,643,454</u>
<b>Liabilities</b>				
Due to others	\$ 16,167,949	\$ 4,280,163	\$ 804,658	\$ 19,643,454
Total liabilities	<u>\$ 16,167,949</u>	<u>\$ 4,280,163</u>	<u>\$ 804,658</u>	<u>\$ 19,643,454</u>
<b><u>Flexible Employee Benefits Account (FEBA)</u></b>				
<b>Assets</b>				
Cash, including investments	\$ (2,083)	\$ 488,509	\$ 474,992	\$ 11,434
Total assets	<u>\$ (2,083)</u>	<u>\$ 488,509</u>	<u>\$ 474,992</u>	<u>\$ 11,434</u>
<b>Liabilities</b>				
Due to others	\$ (2,083)	\$ 488,509	\$ 474,992	\$ 11,434
Total liabilities	<u>\$ (2,083)</u>	<u>\$ 488,509</u>	<u>\$ 474,992</u>	<u>\$ 11,434</u>
<b><u>Tax collection and distribution accounts</u></b>				
<b>Assets</b>				
Cash, including investments	\$ 17,725,455	\$ 1,116,322,410	\$ 1,115,716,939	\$ 18,330,926
Total assets	<u>\$ 17,725,455</u>	<u>\$ 1,116,322,410</u>	<u>\$ 1,115,716,939</u>	<u>\$ 18,330,926</u>
<b>Liabilities</b>				
Due to others	\$ 17,725,455	\$ 1,116,322,410	\$ 1,115,713,933	\$ 18,330,926
Total liabilities	<u>\$ 17,725,455</u>	<u>\$ 1,116,322,410</u>	<u>\$ 1,115,713,933</u>	<u>\$ 18,330,926</u>
<b><u>Human Services Restitution</u></b>				
<b>Assets</b>				
Cash, including investments	\$ -	\$ 6,706	\$ 6,176	\$ 530
Total assets	<u>\$ -</u>	<u>\$ 6,706</u>	<u>\$ 6,176</u>	<u>\$ 530</u>
<b>Liabilities</b>				
Due to others	\$ -	\$ 6,706	\$ 6,176	\$ 530
Total liabilities	<u>\$ -</u>	<u>\$ 6,706</u>	<u>\$ 6,176</u>	<u>\$ 530</u>
<b><u>Clerk of the District Court Trust</u></b>				
<b>Assets</b>				
Cash, including investments	\$ 3,322,563	\$ 11,576,371	\$ 10,840,102	\$ 4,058,832
Total assets	<u>\$ 3,322,563</u>	<u>\$ 11,576,371</u>	<u>\$ 10,840,102</u>	<u>\$ 4,058,832</u>
<b>Liabilities</b>				
Due to others	\$ 3,322,563	\$ 11,576,371	\$ 10,840,102	\$ 4,058,832
Total liabilities	<u>\$ 3,322,563</u>	<u>\$ 11,576,371</u>	<u>\$ 10,840,102</u>	<u>\$ 4,058,832</u>

**LANCASTER COUNTY, NEBRASKA**  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2017

	Beginning Balance	Additions	Deductions	Ending Balance
<b><u>Sheriff - Attorney Trust Account</u></b>				
<b>Assets</b>				
Cash, including investments	\$ 44,523	\$ 10,410	\$ 9,186	\$ 45,747
Total assets	<u>\$ 44,523</u>	<u>\$ 10,410</u>	<u>\$ 9,186</u>	<u>\$ 45,747</u>
<b>Liabilities</b>				
Due to others	\$ 44,523	\$ 10,410	\$ 9,186	\$ 45,747
Total liabilities	<u>\$ 44,523</u>	<u>\$ 10,410</u>	<u>\$ 9,186</u>	<u>\$ 45,747</u>
<b><u>Corrections - Inmate/Commissary</u></b>				
<b>Assets</b>				
Cash, including investments	\$ 121,617	\$ 4,121,803	\$ 4,078,975	\$ 164,445
Total assets	<u>\$ 121,617</u>	<u>\$ 4,121,803</u>	<u>\$ 4,078,975</u>	<u>\$ 164,445</u>
<b>Liabilities</b>				
Due to others	\$ 121,617	\$ 4,121,803	\$ 4,078,975	\$ 164,445
Total liabilities	<u>\$ 121,617</u>	<u>\$ 4,121,803</u>	<u>\$ 4,078,975</u>	<u>\$ 164,445</u>
<b><u>Youth Services Center - Resident</u></b>				
<b>Assets</b>				
Cash, including investments	\$ (214)	\$ 3,305	\$ 3,375	\$ (284)
Total assets	<u>\$ (214)</u>	<u>\$ 3,305</u>	<u>\$ 3,375</u>	<u>\$ (284)</u>
<b>Liabilities</b>				
Due to others	\$ (214)	\$ 3,305	\$ 3,375	\$ (284)
Total liabilities	<u>\$ (214)</u>	<u>\$ 3,305</u>	<u>\$ 3,375</u>	<u>\$ (284)</u>
<b><u>Total - all agency funds</u></b>				
<b>Assets</b>				
Cash, including investments	\$ 50,083,949	\$ 1,157,997,431	\$ 1,162,943,536	\$ 45,137,844
Total assets	<u>\$ 50,083,949</u>	<u>\$ 1,157,997,431</u>	<u>\$ 1,162,943,536</u>	<u>\$ 45,137,844</u>
<b>Liabilities</b>				
Due to others	\$ 50,083,949	\$ 1,157,997,431	\$ 1,162,943,536	\$ 45,137,844
Total liabilities	<u>\$ 50,083,949</u>	<u>\$ 1,157,997,431</u>	<u>\$ 1,162,943,536</u>	<u>\$ 45,137,844</u>

SINGLE AUDIT SECTION



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 (County), as of and for the year ended June 30, 2017, 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 16, 2018.

**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 16, 2018  
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 (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, 2017. 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, 2017.

## 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 16, 2018  
Wichita, Kansas

LANCASTER COUNTY, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2017

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:

Table with 3 columns: CFDA Number, NAME OF FEDERAL PROGRAM, OPINION. Rows include 93.563 ACF - Child Support Enforcement Title IV-D and 21.016 Equitable Sharing Program - Treasury Funds.

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, 2017  
(CONTINUED)**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

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No matters were reported

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

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No matters were reported

**LANCASTER COUNTY, NEBRASKA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED JUNE 30, 2017**

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No matters were reported

**LANCASTER COUNTY, NEBRASKA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Subrecipient Amounts
<b>Department of the Interior Office of the Secretary</b>				
Payments in Lieu of Taxes	15.226		\$ 19,731	\$ -
<b>Total Department of the Interior Office of the Secretary</b>			<b>19,731</b>	<b>-</b>
<b>Department of Agriculture Pass-Through Programs From:</b>				
Nebraska Department of Education				
School Breakfast Program	10.553	47600648201	29,389	-
National School Lunch Program	10.555	47600648201	40,170	-
<b>Total Department of Agriculture</b>			<b>69,559</b>	<b>-</b>
<b>Department of Justice Direct Programs</b>				
BJA - Drug Court Discretionary Grant Program	16.585	2010-DC-BX-0081	96,040	59,880
BJA - State Criminal Alien Assistance Program (SCAAP)	16.606	2014-AP-BX-0341	62,132	-
OVW - Grants to Encourage Arrest Policies & Enforcement of Protection Orders Program	16.590	2014-WE-AX-0007	98,790	96,648
<i>Subtotal Department of Justice Direct Programs</i>			<b>256,962</b>	<b>156,528</b>
<b>Department of Justice Pass-Through Programs From:</b>				
Nebraska Commission on Law Enforcement and Criminal Justice				
		2013-MU-FX-0026		
Juvenile Justice and Delinquency Prevention	16.540	2015-JF-FX-0028	158,877	117,043
Violence Against Women Formula Grants	16.588	14-VW-704, 15-VW-715	178,465	98,185
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0921	40,186	-
<i>Subtotal Department of Justice Pass-Through Programs</i>			<b>377,528</b>	<b>215,228</b>
<b>Total Department of Justice</b>			<b>634,490</b>	<b>371,756</b>
<b>Department of Transportation Pass-Through Programs From:</b>				
Nebraska Department of Roads Highway Safety Office				
FHWA - Emergency Relief Program	20.205	ER-3380(5), L55-1	63,475	-
State and Community Highway Safety	20.600	402-16-12-26, 402-17-12-48 405d-17-02-16, 405b-17-14-55 405d-16-04-01, 405d-16-04-02	3,000	-
National Priority Safety Programs	20.616		15,091	-
<b>Total Department of Transportation</b>			<b>81,566</b>	<b>-</b>
<b>Department of Treasury Direct Programs</b>				
Equitable Sharing Program- Treasury Funds	21.016	NB055013A, NB0550001	632,246	-
<b>Total Department of Justice</b>			<b>632,246</b>	<b>-</b>
<b>Department of Health and Human Services Direct Programs:</b>				
Substance Abuse and Mental Health Services - Projects of Regional and National Significance				
	93.243	1H79TI023429	158,140	-
<i>Subtotal Department of Health and Human Services Direct Programs</i>			<b>158,140</b>	<b>-</b>

The accompanying notes are an  
integral part of this schedule



**LANCASTER COUNTY, NEBRASKA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED JUNE 30, 2017

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Subrecipient Amounts</u>
<b>Department of Health and Human Services Pass-Through Programs From:</b>				
Nebraska Department of Health and Human Services				
ACF - Adoption and Legal Guardianship Incentive Payments	93.603	0G-1401NEAIPP	104,500	-
<i>Subtotal State of Nebraska Department of Health and Human Services</i>			<u>104,500</u>	<u>-</u>
Nebraska Department of Social Services				
ACF- Child Support Enforcement, County Attorney	93.563	1704NECSES	1,148,175	-
ACF- Child Support Enforcement, Clerk of District Court	93.563	1704NECSES	323,557	-
ACF- Child Support Enforcement, Bailiff District Court	93.563	1704NECSES	244,171	-
<i>Subtotal State of Nebraska Department of Social Services</i>			<u>1,715,903</u>	<u>-</u>
<i>Subtotal for Department of Health and Human Services Pass-Through</i>			<u>1,820,403</u>	<u>-</u>
<b>Total Department of Health and Human Services</b>			<u>1,978,543</u>	<u>-</u>
<b>Department of Homeland Security Pass-Through Programs From:</b>				
State of Nebraska Emergency Management Agency				
Disaster Grants - Public Assistance	97.036	FEMA-4225-DR-NE	605,120	-
		EMW-2015-EP-00051-S01		-
Emergency Management Performance Grant	97.042	EMW-2016-EP-00002-S01	127,540	-
		EMW-2014-SS-54		
		EMW-2015-SS-79		
Homeland Security Grant Program	97.067	EMW-2016-SS-APP-84	146,307	
<b>Total Department of Homeland Security</b>			<u>878,967</u>	<u>-</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 4,295,102</u>	<u>\$ 371,756</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 (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.