



RSM US LLP

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March 18, 2021

To the Board of Lancaster County
Lancaster County, Nebraska
Lincoln, Nebraska

This letter is to inform the Board of Commissioners of Lancaster County, Nebraska (the County) about significant matters related to the conduct of our audit as of and for the year ended June 30, 2020, so that it can appropriately discharge its oversight responsibility and we comply with our professional responsibilities.

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) 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.

The Respective Responsibilities of the Auditor and Management

Our responsibility under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States have been described to you in our arrangement letter dated July 7, 2020. The 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 Statement Audit

We have issued a separate communication dated September 2, 2020 regarding the planned scope and timing of our audit and identified significant risks.

Significant Accounting Practices, Including Policies, Estimates and Disclosures

In our meeting with you, we will discuss our views about the qualitative aspects of the County's significant accounting practices, including accounting policies, accounting estimates and financial statement disclosures. The following is a list of the matters that will be discussed, including the significant estimates, which you may wish to monitor for your oversight responsibilities of the financial reporting process:

- Allowance for doubtful accounts, primarily related to the Mental Health Crisis Center
- Depreciable life of capital assets
- Claims Liability (IBNR)

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Audit Adjustments and Uncorrected Misstatements

There were no audit adjustments made to the original trial balance presented to us to begin our audit.

We identified the following uncorrected misstatements that management has concluded are not, individually or in the aggregate, material to the basic financial statements. We agree with management's conclusion in that regard.

General Fund

Description:			Debit (Credit)		
	Assets	Liabilities	Fund balance	Revenue	Expenditure
Current year misstatement, factual misstatements, accrual cutoff error	\$ -	\$ 3,900	\$ -	\$ -	\$ (3,900)
Current year misstatement, projected misstatements, accrual cutoff error	-	146,000	-	-	(146,000)
	<u>\$ -</u>	<u>\$ 149,900</u>	<u>-</u>	<u>\$ -</u>	<u>\$ (149,900)</u>
Effect of current year passed adjustment on fund balance			(149,900)		
Total			<u>\$ (149,900)</u>		

Highway Fund

Description:			Debit (Credit)		
	Assets	Liabilities	Fund balance	Revenue	Expenditure
Reversed opening prior year misstatements	\$ -	\$ -	\$ 18,000	\$ -	\$ (18,000)
Current year misstatement, factual misstatements, accrual cutoff error	-	5,000	-	-	(5,000)
Current year misstatement, projected misstatements, accrual cutoff error	-	13,000	-	-	(13,000)
	<u>\$ -</u>	<u>\$ 18,000</u>	<u>18,000</u>	<u>\$ -</u>	<u>\$ (36,000)</u>
Effect of current year passed adjustment on fund balance			(36,000)		
Total			<u>\$ (18,000)</u>		

Aggregate remaining fund information

Description:			Debit (Credit)		
	Assets	Liabilities	Fund Balance	Revenue	Expenditure
Reversed opening prior year misstatements	\$ -	\$ -	\$ 234,000	\$ -	\$ (234,000)
Current year misstatement, factual misstatements, accrual cutoff error	-	93,000	-	-	(93,000)
Current year misstatement, projected misstatements, accrual cutoff error	-	62,000	-	-	(62,000)
	<u>\$ -</u>	<u>\$ 155,000</u>	<u>234,000</u>	<u>\$ -</u>	<u>\$ (389,000)</u>
Effect of current year passed adjustment on fund balance			(389,000)		
Total			<u>\$ (155,000)</u>		

Governmental Activities

Description:			Debit (Credit)		
	Assets	Liabilities	Net position	Revenue	Expenditure
Reversed opening prior year misstatements	\$ -	\$ -	\$ 372,000	\$ -	\$ (372,000)
Current year misstatement, factual misstatements, accrual cutoff error	-	94,000	-	-	(94,000)
Current year misstatement, projected misstatements, accrual cutoff error	-	(72,000)	-	-	72,000
	<u>\$ -</u>	<u>\$ 22,000</u>	<u>372,000</u>	<u>\$ -</u>	<u>\$ (394,000)</u>
Effect of current year passed adjustment on net position			(394,000)		
Total			<u>\$ (22,000)</u>		

Internal Control Matters and Compliance Findings

We have separately issued a report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements and major program, as required by *Government Auditing Standards* and Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200 (Uniform Guidance). This communication is included within the County's Compliance Report for the year ended June 30, 2020.

Disagreements with Management

We encountered no significant difficulties with management over the application of significant accounting principles, the basis of management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Consultation with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

No significant issues arising from the audit were discussed or were the subject of correspondence with management.

Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Management Representations

Attached is a copy of the management representation letter.

Closing

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

This report is intended solely for the information and use of the Board of Commissioners and is not intended to be, and should not be, used by anyone other than these specified parties.

RSM US LLP

March 18, 2021

RSM US LLP
1221 N Street, Suite 221
Lincoln, NE 68508

This representation letter is provided in connection with your audit of the basic financial statements of Lancaster County, Nebraska (the County) as of as of and for the year ended June 30, 2020 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of March 18, 2021:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated June 30, 2020 for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for 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.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions, including those with component units for which the County is accountable, other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the reporting County's financial statements to be misleading or incomplete, joint ventures in which the County has an interest, and jointly governed organizations in which the County participates, and interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

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6. There are no events subsequent to the date of the financial statements for which U.S. GAAP requires adjustment or disclosure.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.
9. We have informed you of all uncorrected misstatements.

As of and for the year ended June 30, 2020, we believe that the effects of the uncorrected misstatements aggregated by you and summarized below are immaterial, both individually and in the aggregate, to the opinion units of the basic financial statements. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

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Governmental Activities	Debit (Credit)				
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Effect of current year passed adjustment on net position			(394,000)		
Total			<u>\$ (22,000)</u>		

Information Provided

10. We have provided you with:

- a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
- b. Additional information that you have requested from us for the purpose of the audit;
- c. Unrestricted access to persons within the County from whom you determined it necessary to obtain audit evidence; and
- d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

11. All transactions have been recorded in the accounting records and are reflected in the financial statements.

12. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.

13. We have no knowledge of allegations of fraud or suspected fraud affecting the County's financial statements involving:

- a. Management.
- b. Employees who have significant roles in internal control.
- c. Others where the fraud could have a material effect on the financial statements.

14. We have no knowledge of any allegations of fraud or suspected fraud affecting the County's financial statements received in communications from employees, former employees, analysts, regulators, or others.

15. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.

16. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

17. We have disclosed to you the identity of the County's related parties and all the related-party relationships and transactions of which we are aware.

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18. We are aware of no significant deficiencies or material weaknesses, in the design or operation of internal controls that could adversely affect the County's ability to record, process, summarize and report financial data.
19. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
20. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

21. With respect to the budgetary comparison schedule presented as required by Governmental Accounting Standards Board (GASB) to supplement the basic financial statements:
 - a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.
22. With respect to the budgetary comparison information presented as required supplementary information by Governmental Accounting Standards Board to supplement the basic financial statements:
 - a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
 - c. The methods or presentation have not changed from those used in the prior year period.
23. We have omitted management's discussion and analysis, which is required to supplement the basic financial statement. We do not believe this missing information has any impact on the basic financial statements.

Compliance Considerations

24. In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:
 - a. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.

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- b. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the auditee.
 - c. Is unaware of any instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
 - d. Is unaware of any instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.
 - e. Is unaware of any all instances that have occurred, or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements.
 - f. Is responsible for 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.
 - g. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
25. In connection with your audit of federal awards conducted in accordance with Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), we confirm:
- a. Management is responsible for complying, and has complied, with the requirements of Uniform Guidance.
 - b. Management is responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of its federal programs.
 - c. Management is responsible for establishing and maintaining, and has established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award that could have a material effect on its federal programs.
 - d. Management is responsible for the preparation of the schedule of expenditures of federal awards, acknowledges and understands its responsibility for the presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; believes the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance; asserts that methods of measurement or presentation have not changed from those used in the prior period, or if the methods of measurement or presentation have changed, the reasons for such changes have been communicated; and is responsible for any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.
26. Management will make the audited financial statements readily available to the intended users of the schedule no later than the issuance date by the County of the schedule of expenditures of federal awards and the auditor's report thereon.

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27. Management has identified and disclosed all of its government programs and related activities subject to the Uniform Guidance compliance audit.
28. Management has identified and disclosed to the auditor the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
29. Management has made available all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.
30. Management believes that the auditee has complied with the direct and material compliance requirements.
31. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
32. Management is aware of no communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
33. There are no findings and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
34. Management is unaware of any changes in internal control over compliance or other factors that might significantly affect internal control, that has occurred subsequent to the period covered by the auditor's report.
35. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
36. The copies of federal program financial reports provided to the auditor are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.
37. Management has monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.
38. Management has charged costs to federal awards in accordance with applicable cost principles.
39. Management is responsible for, and has accurately prepared, the summary schedule of prior audit findings to include all findings required to be included by Uniform Guidance.
40. The reporting package does not contain protected personally identifiable information.

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41. Management has accurately completed the appropriate sections of the data collection form.

42. Management has disclosed all contracts or other agreements with service organizations.

Lancaster County

DocuSigned by:

Dennis Meyer

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Dennis Meyer
Chief Executive Officer and Fiscal Officer

DocuSigned by:

Rick Vest

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Rick Vest
Lancaster County Board Chair