

LANCASTER COUNTY, NEBRASKA

FINANCIAL STATEMENTS

WITH

SUPPLEMENTARY INFORMATION

AND

INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2014

LANCASTER COUNTY, NEBRASKA
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 WITH SUPPLEMENTARY INFORMATION
 Year Ended June 30, 2014

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LANCASTER COUNTY, NEBRASKA

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WITH SUPPLEMENTARY INFORMATION

Year Ended June 30, 2014

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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, 2014, 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, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Restatement

As discussed in Note 3 to the basic financial statements, the financial statements for governmental activities as of July 1, 2013, have been restated to properly record certain capital assets. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

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

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 Office of Management and Budget Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2015 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

January 27, 2015
Wichita, KS

Lancaster County, Nebraska

Statement of Net Position

June 30, 2014

	Governmental Activities
Assets:	
Cash, including investments	\$ 43,732,661
Taxes receivable	26,248,887
Due from other governmental agencies	2,747,675
Accounts receivable	401,446
Interest receivable	5,537
Patient and insurance receivable, net of allowance for doubtful accounts of \$729,970	193,214
Capital assets:	
Land and construction in progress	12,525,617
Other capital assets, net of depreciation	172,752,654
Total assets	<u>258,607,691</u>
Liabilities:	
Accounts payable	4,600,865
Accrued salaries	1,903,069
Advance payable	60,832
Accrued interest payable	185,255
Claims liability	3,177,237
Long-term liabilities:	
Due within one year	9,012,000
Due in more than one year	68,574,285
Total liabilities	<u>87,513,543</u>
Net position:	
Net investment in capital assets	114,665,970
Restricted for:	
Visitor improvement	3,301,898
Rural library services	273,518
Building, land and road maintenance	3,370,492
Drug education	825,799
Economic development	324,457
Debt service	6,089,315
Minor equipment	875,699
Jail construction	2,074,876
Emergency management	110,842
Unrestricted	39,181,282
Total net position	<u>\$ 171,094,148</u>

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

Lancaster County, Nebraska

Statement of Activities

Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
General government	\$ 21,524,184	\$ 13,730,574	\$ 1,711,662	\$ 163,106	\$ (5,918,842)
Public safety	59,983,722	-	606,660	-	(59,377,062)
Community development	39,279	-	-	-	(39,279)
Public works	17,005,516	6,291,253	8,323,690	2,020,667	(369,906)
Public health and human services	16,917,236	2,063,680	6,405,629	-	(8,447,927)
Culture and recreation	3,447,078	-	-	-	(3,447,078)
Joint public agency services	2,098,878	-	-	-	(2,098,878)
Interest on long-term debt	2,975,337	54,600	-	-	(2,920,737)
Total primary government	\$ 123,991,230	\$ 22,140,107	\$ 17,047,641	\$ 2,183,773	(82,619,709)
General revenues:					
Taxes:					
Property tax					60,779,448
Inheritance tax					4,135,546
Motor vehicle tax					7,161,616
Lodging tax					2,788,833
In-lieu-of tax					1,833,975
Other:					
Miscellaneous					1,205,234
Intergovernmental					4,989,644
Investment income					140,217
Total general revenues					83,034,513
Change in net position					414,804
Net position-beginning					
Prior period adjustments					
Net position-ending					
\$ 171,094,148					

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

Lancaster County, Nebraska

Balance Sheet Governmental Funds June 30, 2014

	General	Capital Project Highway Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Cash, including investments	\$ 13,514,511	\$ 2,638,277	\$ 21,657,644	\$ 37,810,432
Taxes receivable	23,640,863	-	2,608,024	26,248,887
Due from other government agencies	979,055	757,491	1,011,129	2,747,675
Accounts receivable	279,443	-	122,003	401,446
Interest receivable	2,341	1,166	1,340	4,847
Patient and insurance receivables, net of allowance for doubtful accounts of \$729,970	-	-	193,214	193,214
Total assets	\$ 38,416,213	\$ 3,396,934	\$ 25,593,354	\$ 67,406,501
Liabilities:				
Accounts payable	\$ 2,054,127	\$ 911,323	\$ 1,399,148	\$ 4,364,598
Accrued salaries	1,572,404	72,320	254,053	1,898,777
Advance payable	-	-	60,832	60,832
Total liabilities	3,626,531	983,643	1,714,033	6,324,207
Deferred inflows of resources:				
Unavailable revenue - property tax receivable	1,593,348	-	174,292	1,767,640
Total deferred inflows of resources	1,593,348	-	174,292	1,767,640
Fund balances:				
Restricted for:				
Visitor improvement	-	-	3,301,898	3,301,898
Rural library services	-	-	273,518	273,518
Building, land and road maintenance	-	2,413,291	957,201	3,370,492
Drug education	-	-	825,799	825,799
Economic development	-	-	324,457	324,457
Debt service	-	-	6,089,315	6,089,315
Minor equipment	-	-	875,699	875,699
Jail construction	-	-	2,074,876	2,074,876
Emergency management	-	-	110,842	110,842
Committed for:				
Community betterment	-	-	1,654,000	1,654,000
Workers compensation	-	-	191,072	191,072
Building maintenance	-	-	943,296	943,296
Public safety	44,361	-	-	44,361
Public works	20,171	-	-	20,171
General government	23,949	-	-	23,949
Building, land and road maintenance	-	-	2,508,210	2,508,210
Assigned for:				
Veterans aid	11,140	-	-	11,140
Public health and human services	-	-	795,627	795,627
Building, land and road maintenance	-	-	2,779,219	2,779,219
Unassigned	33,096,713	-	-	33,096,713
Total fund balances	33,196,334	2,413,291	23,705,029	59,314,654
Total liabilities, deferred inflows of resources and fund balances	\$ 38,416,213	\$ 3,396,934	\$ 25,593,354	\$ 67,406,501

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, 2014

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

Total fund balance -- governmental funds		\$ 59,314,654
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	\$ 276,956,900	
Accumulated depreciation	<u>(91,678,629)</u>	185,278,271
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.		
		2,459,424
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.		
		1,767,640
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 - County	(370,000)	
Discount on bonds payable	303	
General obligation bonds payable - Joint Public Agency	(52,050,000)	
Premium on bonds	(807,588)	
Capital lease obligations	(17,385,000)	
Compensated absences	(6,928,301)	
Accrued interest payable	<u>(185,255)</u>	<u>(77,725,841)</u>
Total net position -- governmental activities		<u>\$ 171,094,148</u>

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

Lancaster County, Nebraska
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2014

	General	Capital Project Highway Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 67,896,128	\$ -	\$ 8,827,747	\$ 76,723,875
Charges for services	14,050,574	34,307	4,881,465	18,966,346
Intergovernmental	8,459,973	7,401,370	6,175,954	22,037,297
Medicaid/Medicare/MRO Reimbursements	-	-	1,609,481	1,609,481
License, fees and rental income	43,480	3,465	1,495,292	1,542,237
Interest income	96,949	9,400	29,241	135,590
Other	47,630	11,017	1,122,033	1,180,680
Total revenues	90,594,734	7,459,559	24,141,213	122,195,506
Expenditures:				
Current:				
General government	14,193,020	-	5,159,179	19,352,199
Public safety	57,357,770	-	625,547	57,983,317
Community development	-	-	39,279	39,279
Public works	3,636,674	5,131,397	4,082,915	12,850,986
Public health and human services	7,678,646	-	8,964,131	16,642,777
Culture and recreation	-	-	3,447,078	3,447,078
Capital outlay	1,102,348	1,801,878	5,415,038	8,319,264
Debt service:				
Principal	1,116,271	-	3,513,729	4,630,000
Interest	549,134	-	2,487,916	3,037,050
Total expenditures	85,633,863	6,933,275	33,734,812	126,301,950
Excess (deficiency) of revenues over (under) expenditures	4,960,871	526,284	(9,593,599)	(4,106,444)
Other financing sources (uses):				
Sale of capital assets	125,135	-	27,800	152,935
Transfers in	1,000,000	-	7,891,071	8,891,071
Transfers out	(7,476,071)	-	(2,215,000)	(9,691,071)
Total other financing sources (uses)	(6,350,936)	-	5,703,871	(647,065)
Net change in fund balances	(1,390,065)	526,284	(3,889,728)	(4,753,509)
Fund balances at beginning of year	34,586,399	1,887,007	27,594,757	64,068,163
Fund balances at end of year	\$ 33,196,334	\$ 2,413,291	\$ 23,705,029	\$ 59,314,654

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, 2014

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

Net change in fund balances -- total governmental funds	\$	(4,753,509)
<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		(6,769,804)
Capital assets capitalized	7,186,588	416,784
<p>Contributions of capital assets are reported as capital contributions in the statement of activities.</p>		
		2,183,773
<p>The net effect of various transactions involving capital assets is to decrease net position.</p>		
		(709,682)
<p>In the statement of activities, the gain or loss from the disposal of capital assets is reported, whereas in the governmental funds, only any proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the cost of capital assets sold.</p>		
		(1,105,993)
<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>		
		(24,466)
<p>The amortization of bond premiums and discounts decrease the long term liabilities in the statement of net position, but does not provide current financial resources to the governmental funds.</p>		
		55,434
<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	2,925,000	
Capital lease	1,705,000	4,630,000
<p>In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.</p>		
		6,279
<p>In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for this item are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, the following difference was noted:</p>		
Compensated absences paid were less than benefits earned		462,630
<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>		
		(746,446)
Change in net position of governmental activities	\$	414,804

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

Lancaster County, Nebraska

Statement of Net Position

Proprietary Funds

June 30, 2014

	Internal Service Funds
Assets:	
Current assets:	
Cash, including investments	\$ 5,922,229
Interest receivable	690
Total current assets	<u>5,922,919</u>
Liabilities:	
Current liabilities:	
Accounts payable	236,267
Claims payable	3,177,237
Accrued salaries	4,292
Current portion - accrued compensated absences	4,706
Total current liabilities	<u>3,422,502</u>
Noncurrent liabilities:	
Long-term accrued compensated absences	<u>40,993</u>
Total liabilities	<u>3,463,495</u>
Net position:	
Unrestricted	<u>\$ 2,459,424</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, 2014

	Internal Service Funds
Operating revenues:	
Charges for services	\$ 12,306,776
Other insurance reimbursements	51,071
Total operating revenues	12,357,847
Operating expenses:	
Insurance	12,291,931
Contractual	1,404,064
Wages and benefits	141,651
Other	65,334
Rental	5,114
Supplies	826
Total operating expenses	13,908,920
Operating income	(1,551,073)
Nonoperating revenues:	
Interest	4,627
Total nonoperating revenues	4,627
Income (loss) before contributions and transfers	(1,546,446)
Transfers in	800,000
Change in net position	(746,446)
Total net position-beginning of year	3,205,870
Total net position-end of year	\$ 2,459,424

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, 2014

	Internal Service Funds
Cash flows from operating activities:	
Cash received from services	\$ 12,306,776
Cash received from insurance companies	51,071
Cash payments for claims	<u>(12,667,939)</u>
Net cash flow from operating activities	<u>(310,092)</u>
Cash flows from non-capital financing activities:	
Transfers from other funds	<u>800,000</u>
Net cash flow from non-capital financing activities	<u>800,000</u>
Cash flows from investing activities:	
Interest on investments	<u>4,627</u>
Net cash flow from investing activities	<u>4,627</u>
Change in cash and cash equivalents	494,535
Cash and cash equivalents-beginning of the year	<u>5,427,694</u>
Cash and cash equivalents-end of the year	<u>\$ 5,922,229</u>
Reconciliation of operating income to net cash flow from operating activities:	
Operating income	\$ (1,551,073)
Adjustments to reconcile operating income to net cash flow from operating activities:	
Change in accounts receivable	458
Change in interest receivable	(236)
Change in accrued liabilities	210,234
Change in claims payable	<u>1,030,525</u>
Net cash flow from operating activities	<u>\$ (310,092)</u>

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

Lancaster County, Nebraska
Statement of Net Position
Fiduciary Funds
June 30, 2014

	Employee Benefit Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ -	\$ 34,735,535
Investments:		
Cash management fund	120,168	-
Stable value fund	39,185,999	-
Mutual funds - domestic equities	53,187,727	-
Mutual funds - international equities	19,764,391	-
Mutual funds - balanced funds	5,617,805	-
Other fixed income	11,695,786	-
Employee contributions receivable	83,705	-
Employer contributions receivable	123,967	-
	<u>129,779,548</u>	<u>34,735,535</u>
Total assets		
Liabilities:		
Due to others	-	34,735,535
	<u>-</u>	<u>34,735,535</u>
Total liabilities		
Net position:		
Held in trust for pension and other postemployment benefits	<u>129,779,548</u>	-
Total net position	<u>\$ 129,779,548</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, 2014

	Employee Benefit Trust Funds
Additions:	
Contributions:	
Employee	\$ 2,265,977
Employer	4,234,140
Forfeitures	49,659
Rollovers	131,335
Military catch-up	4,802
Total contributions	6,685,913
Investment income:	
Net appreciation in fair value of investments	13,154,383
Dividends and interest	3,564,265
Miscellaneous	(22,852)
Total net investment income	16,695,796
Total additions	23,381,709
Deductions:	
Benefits paid	11,016,975
Forfeitures	49,651
Total deductions	11,066,626
Change in net position	12,315,083
Net position - beginning of year	117,464,465
Net position - end of year	\$ 129,779,548

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

LANCASTER COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of the significant accounting policies of Lancaster County, Nebraska (the County), is presented to assist in understanding the County's financial statements. The financial statements and notes are representations of the County's management who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Organization and Principal Activity

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

Reporting Entity

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

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

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

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

LANCASTER COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Joint Ventures

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

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

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

Lancaster County Fairgrounds Joint Public Agency - The Lancaster County Fairgrounds Joint Public Agency (the Agency) was established to acquire land and construct capital improvements thereon for the establishment and expansion of the Lancaster County Fairgrounds. The Agency is not accumulating significant financial resources and is not experiencing fiscal stress that could cause an additional financial benefit or burden to the County. The Board consists of five representatives, of whom the Lancaster County Agricultural Society (the Society) appoints three and the County appoints two.

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

LANCASTER COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

Government-Wide Financial Statements - The government-wide financial statements (the statement of net position and statement of activities) report information on all the non-fiduciary activities of the primary government and its component units. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts. Funds are organized into three major categories: governmental, proprietary, and fiduciary.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported as gross amounts as transfers in / out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

An emphasis is placed on major funds within the governmental and proprietary categories. Major individual governmental funds are reported as separate columns in the fund financial statements as applicable. All remaining governmental fund are aggregated and reported as nonmajor funds.

Major fund reporting requirements do not apply to internal service funds. The combined totals for all internal service funds are reported separately in a single column on the face of the proprietary fund financial statements.

The County reports the following major governmental funds:

General Fund. The general fund is the County's main operating fund. The general fund is used to account for all activities of the County not included in other specified funds. The general fund accounts for the normal recurring activities of the County (general government, public safety, health services, community services, etc.). These activities are funded primarily by tax revenues.

Highway Fund. The highway fund is a capital project fund. It accounts for repairs and improvements made to County highways.

LANCASTER COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additionally, the government reports the following fund types:

Special Revenue Funds account for the proceeds of specific revenue sources (other than for major capital projects) that legally restrict expenditures for specified purposes.

Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities or improvements.

The *Debt Service Fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County or to other governmental units on a cost-reimbursement basis. For the County, this includes risk management services, for workers' compensation, general liability and health insurance.

Employee Benefit Trust Funds include the pension trust fund and other postemployment benefit trust fund, which are used to report resources that are required to be held in trust for the members and beneficiaries of the County's defined contribution retirement plan, and defined contribution postemployment health plan, respectively.

Agency Funds are used to report resources held by the County in a purely custodial capacity, for tax collections and related distributions to other governments, as well as other amounts held for remittance to individuals, private organizations, or other governments.

Measurement Focus / Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when the related payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

LANCASTER COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property taxes associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, except to the extent amounts are not collected within 60 days of the end of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Charges for services to patients are recognized at the date the service is provided, net of estimated uncollectible amounts. All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary, pension and other postemployment benefit trust fund financial statements are accounted for using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows. The agency funds have no measurement focus, but utilize the *accrual basis of accounting* for reporting assets and liabilities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service funds are charges to governmental agencies for services provided. Operating expenses include the cost of services, and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents

For financial statement purposes, all highly liquid investments with original maturities of three months or less, are considered cash equivalents.

Investments

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.

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 Community Mental Health 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.

LANCASTER COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, 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.

LANCASTER COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

LANCASTER COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2014.

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

LANCASTER COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2014, the bank balance of the County's pooled cash deposits, including certificates of deposit, amounted to \$52,731,445. All deposit balances were covered by FDIC insurance, or pledged collateral held by the County's agent in the County's name.

LANCASTER COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

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, 2014, the County held the following investments:

Investment Type	Maturities	Fair Value
Money markets	N/A	\$ 22,640,059

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

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

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

Pooled deposits and investments at June 30, 2014 appear in the financial statements as summarized below:

Carrying amount of deposits	\$	55,828,137
Carrying amount of investments		22,640,059
Total	\$	78,468,196
Cash, including investments – governmental funds balance sheet	\$	37,810,432
Cash, including investments – internal service funds, statement of net position		5,922,229
Cash, including investments – governmental activities, statement of net position		43,732,661
Cash, including investments – agency funds		34,735,535
Total	\$	78,468,196

LANCASTER COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

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, 2014, the investments in the employees' retirement system were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Concentration</u>
Stable value fund (fixed income)	\$ 39,185,999	31.72%
Fixed income	8,695,103	7.04%
Mutual funds – domestic equities	52,946,281	42.86%
Mutual funds – international equities	19,737,214	15.98%
Variable annuity	2,967,283	2.40%
Total	<u>\$ 123,531,880</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.

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, 2014, the fixed income funds of the plan held investments with credit ratings ranging from AAA to B, with approximately 66% 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, 2014, the fixed income funds of the plan had effective durations of 5.8 years and 5.2 years.

LANCASTER COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

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, 2014, 93% 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 58% in AAA securities, and 18% in AA or A securities.

3. CAPITAL ASSETS

The changes in capital assets designated for the operation of the County for the year ended June 30, 2014 are as follows:

	Balance June 30, 2013	Prior period adjustments	Additions	Deletions	Balance June 30, 2014
Non-depreciable assets:					
Land	\$ 10,652,040	\$ --	\$ 93,561	\$ --	\$ 10,745,601
Construction in progress	67,904,941	--	1,780,016	67,904,941	1,780,016
	<u>78,556,981</u>	<u>--</u>	<u>1,873,577</u>	<u>67,904,941</u>	<u>12,525,617</u>
Depreciable capital assets:					
Land improvements	2,492,543	--	--	44,644	2,447,899
Buildings	71,379,225	--	60,105,080	1,405,650	130,078,655
Machinery and Equipment	11,335,407	5,661	5,097,279	475,113	15,963,234
Vehicles	10,269,718	5,740	611,483	1,395,658	9,491,283
Infrastructure	76,551,450	21,429,457	8,878,201	408,896	106,450,212
	<u>172,028,343</u>	<u>21,440,858</u>	<u>74,692,043</u>	<u>3,729,961</u>	<u>264,431,283</u>
Accumulated depreciation:					
Land improvements	1,530,206	--	112,806	37,429	1,605,583
Buildings	23,620,681	--	2,300,057	567,004	25,353,734
Machinery and Equipment	6,663,261	4,938	1,036,994	411,700	7,293,493
Vehicles	7,322,751	4,724	573,397	1,353,003	6,547,869
Infrastructure	33,166,847	15,219,385	2,746,550	254,832	50,877,950
	<u>72,303,746</u>	<u>15,229,047</u>	<u>6,769,804</u>	<u>2,623,968</u>	<u>91,678,629</u>
Depreciable capital assets, net	<u>99,724,597</u>	<u>6,211,811</u>	<u>67,922,239</u>	<u>1,105,993</u>	<u>172,752,654</u>
Total capital assets	<u>\$ 178,281,578</u>	<u>\$ 6,211,811</u>	<u>\$ 69,795,816</u>	<u>\$ 69,010,934</u>	<u>\$ 185,278,271</u>

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

Governmental Activities:

General Government	\$ 207,790
Public Safety	1,620,285
Public Works	3,442,913
Public Health and Human Services	111,226
Joint Public Agency Services	1,387,590
Total Depreciation Expense	<u>\$ 6,769,804</u>

Prior Period Adjustment. During 2014, the County identified certain project costs that were not properly recorded as capital assets. These corrections resulted in a net increase to net position of \$6,211,811.

LANCASTER COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

4. LONG-TERM LIABILITIES

Changes in long-term obligations for the year ended June 30, 2014 were as follows:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014	Due within one year
Bonds payable – County	\$ 725,000	\$ --	\$ (355,000)	\$ 370,000	\$ 370,000
Discounts	(1,213)	--	910	(303)	--
Bonds payable – JPA	54,620,000	--	(2,570,000)	52,050,000	2,645,000
Premiums	863,932	--	(56,344)	807,588	--
	<u>56,207,719</u>	<u>--</u>	<u>(2,980,434)</u>	<u>53,227,285</u>	<u>3,015,000</u>
Capital leases payable:					
Public Building Commission	18,305,000	--	(1,365,000)	16,940,000	1,360,000
City of Lincoln VOIP	785,000	--	(340,000)	445,000	350,000
	<u>19,090,000</u>	<u>--</u>	<u>(1,705,000)</u>	<u>17,385,000</u>	<u>1,710,000</u>
Compensated absences	7,430,561	4,553,754	(5,010,315)	6,974,000	4,287,000
Total long-term liabilities	<u>\$ 82,728,280</u>	<u>\$ 4,553,754</u>	<u>\$ (9,695,749)</u>	<u>\$ 77,586,285</u>	<u>\$ 9,012,000</u>

Generally, compensated absences are liquidated by the fund where each employee's regular salary is charged (primarily the General Fund and various special revenue funds).

Bonds Payable

County. \$4,640,000 Limited Tax Building Bonds, Series 2004, were issued on June 30, 2004, payable in scheduled semiannual installments including principal amounts ranging from \$320,000 to \$610,000 plus interest, due on May 1 and November 1, commencing November 1, 2005, with interest ranging from 3.20% to 4.00%, final payment due November 1, 2014.

JPA. \$64,390,000 Limited Tax General Obligation Bonds, Series 2009, were issued on February 12, 2009, with interest payable in scheduled semiannual installments due annually on June 1 and December 1, and with principal amounts payable annually on December 1, ranging from \$2,390,000 to \$4,670,000, commencing June 1, 2009, with interest rates ranging from 1.00% to 5.00%, final payment due December 1, 2028.

Capital Leases Payable

Public Building Commission. The Public Building Commission (PBC) has assisted in the financing of buildings and facilities for Lancaster County and the City of Lincoln through the issuance of revenue bonds and by entering into lease agreements with the Board of County Commissioners and the City Council. This includes leases for the City / County Building, the 233 Building, the K Street Power Plant, the Justice and Law Enforcement Building, the 9th and J Building, Downtown Senior Center, Health Department Building, Courthouse Plaza, Northeast Senior Center, Benesch Building, and the 27th Street Police Building.

LANCASTER COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

4. LONG-TERM LIABILITIES (CONTINUED)

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.

As of June 30, 2014, the PBC has bonds outstanding of \$33,880,000 attributable to several revenue bond issues, proceeds of which were used to acquire, construct and/or renovate certain buildings occupied by the City and County. The County's proportionate share of such buildings is recorded as capital assets, and the corresponding debt is recorded as a capital lease in the County's financial statements. The leases for the buildings continue until the related bonds have been fully paid and are no longer outstanding. The bonds have final maturity dates ranging from fiscal 2025 to 2030.

City of Lincoln VOIP. The County entered into a sublease agreement with the City of Lincoln for the acquisition, installation and implementation of certain voice over internet protocol (VOIP) communication equipment. Such lease qualifies as a capital lease, and includes a final maturity of May 1, 2016.

Principal and interest requirements to maturity on capital lease obligations and bonds outstanding at June 30, 2014 are as follows:

Year Ending June 30	Bonds payable		Capital leases	
	Principal	Interest	Principal	Interest
2015	\$ 3,015,000	\$ 2,235,230	\$ 1,710,000	\$ 661,876
2016	2,725,000	2,139,880	1,505,000	603,550
2017	2,805,000	2,056,930	1,692,500	544,716
2018	2,890,000	1,971,505	1,200,000	490,233
2019	2,980,000	1,868,555	1,332,500	234,074
2020 – 2024	16,765,000	7,385,608	6,007,500	1,623,643
2025 – 2029	21,240,000	2,758,250	3,722,500	404,256
2030 – 2033	--	--	215,000	14,700
Total	<u>\$ 52,420,000</u>	<u>\$ 20,415,958</u>	<u>\$ 17,385,000</u>	<u>\$ 4,577,048</u>

LANCASTER COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

5. INTERFUND TRANSFERS

A summary of interfund transfers is as follows:

	Transfers in			Total
	General fund	Other governmental funds	Self Insurance Fund	
<u>Transfers out</u>				
General fund	\$ --	\$ 7,476,071	\$ --	\$ 7,476,071
Other governmental funds	1,000,000	415,000	800,000	2,215,000
	<u>\$ 1,000,000</u>	<u>\$ 7,891,071</u>	<u>\$ 800,000</u>	<u>\$ 9,691,071</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, 2014, the most significant transfer was \$6,342,231 from the General Fund to the Bridge and Special Road Fund for budgeted capital projects.

6. DEFICIT FUND EQUITY

At June 30, 2014, the Workers' Compensation and Other Self Insurance Loss funds had deficits of \$532,161 and \$604,935, respectively. Such deficits will be recovered from future internal charges to the County's other funds.

7. POST-EMPLOYMENT BENEFITS

Post-Employment Health Plans

Plan Description. The Board of Commissioners has adopted the provisions of Section 23-1118, R.R.S. 1943, a Nebraska State Statute, which provides any county having a population of more than 100,000 inhabitants the authority to provide retirement benefits to its employees and establish a defined contribution retirement plan. All eligible employees of Lancaster County have historically been covered under the County's retirement plans: Lancaster County Nebraska CB PEHP and Lancaster County Nebraska Non-CB PEHP, as administered by Nationwide Retirement Solutions. Separate actuarial valuations of the plans' assets are not performed for the individual participating entities.

During fiscal 2013, the County adopted a resolution to transition from Nationwide Retirement Solutions to another provider, International City Management Association Retirement Corporation (ICMA-RC) for certain eligible employees as described below. In connection therewith, a new trust was created for the Lancaster County Post-Employment Health Plan, which provides for the County to act as trustee and administrator for the plan, resulting in the County having ongoing managerial responsibility for the plan. This new trust covers benefits for eligible employees not within a bargaining unit, and eligible employees within certain bargaining units that elected to join the new plan. Eligible employees under certain other bargaining units are still covered by the plans administered by Nationwide Retirement Solutions discussed in the first paragraph above.

LANCASTER COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

7. POST-EMPLOYMENT BENEFITS (CONTINUED)

Due to the structure of the new ICMA-RC trust, the trust qualifies as an employee benefit trust fund, and is reported as a fiduciary fund of the County. The plan and trust administered by Nationwide Retirement Solutions does not qualify as an employee benefit trust fund, and therefore is not reported within the County's financial statements.

At June 30, 2014, membership in the plans totaled 1,763 (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 \$930,558 for the year ended June 30, 2014.

Defined Contribution Retirement Pension Plan

The Lancaster County, Nebraska Employees Retirement Plan is a single-employer defined contribution plan administered by the County. The Plan does not issue a stand-alone audited financial report.

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting. The Plan's financial statements (as reported in the Pension Trust Fund) are prepared using the accrual basis of accounting. Employer contributions are recognized in the period in which the contributions are due and payable in accordance with the terms of the Plan. Benefits are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments. Investments are reported at fair value based on quoted market prices. Investments that do not have an established market are reported at their estimated fair value.

Plan Description and Contribution Information

Plan Description. The Plan is intended to qualify as a money purchase pension plan under Code Section 401(a). The pension program operates in compliance with all state and federal statutes, particularly Nebraska State Statute 30-3209. The County's pension funds are invested according to a plan developed and reviewed annually by the County. The plan defines the purposes of the assets, identifies the parties responsible for managing the investment process, establishes both broad and specific written guidelines for the investment of fund's assets, and establishes criteria to monitor and evaluate the performance of the investment managers. For additional information on the plan's investments, see Note 2.

The plan automatically covers substantially all permanent employees who have attained age 25 and completed one year of continuous service. Upon attaining age 21 and after completing six months of continuous service, employees may voluntarily enter the plan. The employee has the choice of whether or not to participate in the plan if the employee has attained age 55 prior to the date of employment. As of June 30, 2014, membership totaled 862.

LANCASTER COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

7. POST-EMPLOYMENT BENEFITS (CONTINUED)

Funding Policy. For 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 July 1, 2012 shall be determined by the County, in its discretion. The combined contributions cannot exceed 13% of earned income.

The employees' and employer's contributions are maintained in separate accounts. The employee account is always fully vested. The employer account vests at 20% per year for year three through seven in the plans. Several different payment options, based upon the full accumulated value of participant contributions and the vested portion of employer contributions, are available to the participant upon death, disability, early retirement at age 50, or normal retirement at age 55, with ten consecutive years of participation in the plans.

Employer and plan member contributions are recognized in the period that the contributions are due. Total employer contributions were \$3,374,528 and total employee contributions were \$2,265,977 for the year ended June 30, 2014. Additionally, military catch-up contributions were \$4,802.

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

	Pension Trust	Postemployment Health Trust	Total
Total assets	\$ 123,739,552	\$ 6,039,996	\$ 129,779,548
Total liabilities	--	--	--
Net position	<u>\$ 123,739,552</u>	<u>\$ 6,039,996</u>	<u>\$ 129,779,548</u>
Additions	\$ 22,082,105	\$ 1,299,604	\$ 23,381,709
Deductions	10,736,449	330,177	11,066,626
Change in net position	11,345,656	969,427	12,315,083
Beginning net position	112,393,896	5,070,569	117,464,465
Ending net position	<u>\$ 123,739,552</u>	<u>\$ 6,039,996</u>	<u>\$ 129,779,548</u>

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.

LANCASTER COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

8. RISK MANAGEMENT (CONTINUED)

Workers' Compensation and General Liability. The County has established the Workers' Compensation Loss Fund and Other Self-Insurance Loss Fund (internal service funds) to account for and finance a portion of its uninsured risks of loss. The County is self-insured up to \$900,000 per occurrence for workers' compensation risks and up to \$250,000 per occurrence for general liability risks. The self-insurance programs are administered by the Workers' Compensation and Risk Management Manager. Settled claims have not exceeded commercial coverage in any of the last three years. Commercial insurance covers the excess of the self-insured amount to a maximum of \$2,000,000 for employers' liability and \$4,750,000 for general liability.

The County utilizes the services of an actuary to prepare an analysis of the self-insured workers' compensation and general liability risks. The analysis is used to assist the County with its financial planning, budgeting, and management of the self-insurance programs.

The programs are funded on a cash basis with annual premiums charged to all governmental fund types, except Lancaster Manor Fund, based on past experience of incurred losses and remitted to the Workers' Compensation Loss and Self-Insurance Funds. Settled claims have not exceeded commercial coverage for the last three years.

Health. The County has established the Group Insurance Fund (internal service fund) to account for and finance a portion of its uninsured risk of loss. Health, prescription and dental benefits are provided through a self-funded program to County employees and all eligible dependents. The County is self-insured up to \$200,000 per individual claim.

Changes in the claims liabilities during the past two years are as follows:

	<u>Workers' Compensation</u>	<u>Other Self Insurance Loss</u>	<u>Group Insurance</u>
Liability – June 30, 2012	\$ 1,068,765	\$ 422,369	\$ 466,000
Claims incurred	57,190	644,634	9,233,694
Claims payments & adjustments	<u>319,349</u>	<u>276,897</u>	<u>9,149,694</u>
Liability – June 30, 2013	806,606	790,106	550,000
Claims incurred	415,533	1,034,519	10,841,879
Claims payments & adjustments	<u>312,634</u>	<u>384,893</u>	<u>10,563,879</u>
Liability – June 30, 2014	<u>\$ 909,505</u>	<u>\$ 1,439,732</u>	<u>\$ 828,000</u>

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 COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

9. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

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 2014, the County Board approved payments of \$500,000 to the West Haymarket Joint Public Agency. As of June 30, 2014, \$125,000 was recorded with accounts payable for amounts owed as of that date.

Construction Commitments and Encumbrances. As of June 30, 2014, the Lancaster County Correctional Facility Joint Public Agency has commitments of \$2,419,532 relating to the remaining costs for the design, construction, and operation of the new correctional facility. Additionally, the County has outstanding encumbrances as follows:

General Fund	\$ 88,481
Highway Fund	966,699
Nonmajor Governmental Funds	2,544,336
Total	<u>\$ 3,599,516</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, 2014, 20 series of bonds were outstanding, with an aggregate principal amount payable in the amount of \$212,856,182.

12. PENDING GOVERNMENTAL ACCOUNTING STANDARDS

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, was issued in June 2012. This statement establishes accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local

LANCASTER COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

12. PENDING GOVERNMENTAL ACCOUNTING STANDARDS (CONTINUED)

governmental employers about financial support for pensions that is provided by other entities. This statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equipment arrangements that meet certain criteria. Also, this statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. The provisions of this statement are effective for financial statements for the County's fiscal year ending June 30, 2015.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, was issued in January 2013. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. This statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The provisions of this statement are effective for financial statements for the County's fiscal year ending June 30, 2015 with earlier application encouraged.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, was issued in November 2013. The objective of this statement is to address an issue regarding application of the transition provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions. Under Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances of deferred outflows and inflows of resources not be reported. This statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of this statement should be applied simultaneously with the provisions of Statement 68.

13. COMMUNITY MENTAL HEALTH FUND TRANSITION OF SERVICES

In June 2011, The Lancaster County Board of Commissioners made a decision to transition the administration, management, and delivery of behavioral health services (except for the Crisis Center) currently provided by the Lancaster County Community Mental Health Center to the private and / or public service sector. The Community Mental Health Center Planning Committee was formed and submitted its final report to the Board in February of 2012 recommending the creation of a new recovery-based service model which integrates primary care and behavioral health services.

In December 2013, the County entered into an agreement with Lutheran Family Services (LFS) to transition various operations to LFS. The County agreed to pay LFS \$450,000 for the cost of transition services. Such expenses are recorded on the Statement of Revenues, Expenditures

LANCASTER COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

13. COMMUNITY MENTAL HEALTH FUND TRANSITION OF SERVICES (CONTINUED)

and Changes in Fund Balance with Miscellaneous fees and services, of which \$119,148 was included with accounts payable remaining to be paid as of June 30, 2014.

Additionally, in connection with the transition of services, the County paid \$513,452 in vacation and sick leave during fiscal 2014 for terminating or retiring employees.

On April 1, 2014, the County entered into an agreement with Centerpointe to operate the Community Transition Program. The County reimburses Centerpointe for services provided under the County's license.

As of June 30, 2014, the only Community Mental Health Center operations that remained the responsibility of the County consisted of the Crisis Center, management of a contract for psychiatric residential rehabilitation and a contract for a sex offender treatment program. The two contracts will end during fiscal 2015, which will leave only the operations of the Crisis Center.

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, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Over/ (Under)
Revenues:				
Taxes	\$ 70,657,426	\$ 70,657,426	\$ 66,815,154	\$ (3,842,272)
Charges for services	14,496,393	14,496,393	14,168,466	(327,927)
Federal receipts	2,155,918	2,155,918	2,568,748	412,830
State revenues	1,178,095	1,178,095	4,829,308	3,651,213
License, fees and rental income	35,500	35,500	43,480	7,980
Interest on investments	105,090	105,090	98,056	(7,034)
Intergovernmental	452,170	452,170	902,504	450,334
Other receipts	98,650	98,650	37,733	(60,917)
Total revenues	89,179,242	89,179,242	89,463,449	284,207
Expenditures:				
General Government:				
Board of Commissioners	267,977	267,977	265,548	(2,429)
County Clerk	961,046	979,046	975,492	(3,554)
County Treasurer	3,409,645	3,409,645	3,318,307	(91,338)
Assessor / Register of Deeds	3,963,923	3,963,923	3,905,659	(58,264)
ROD Technology	317,218	317,218	135,717	(181,501)
Election Commissioner	1,006,609	1,281,609	1,263,262	(18,347)
Information Services	828,177	828,177	796,237	(31,940)
Budget & Fiscal	312,175	317,675	316,481	(1,194)
General Government Miscellaneous	3,549,789	2,912,540	1,681,597	(1,230,943)
Administrative Services	385,728	385,728	327,451	(58,277)
Board of Equalization	300,750	300,750	270,734	(30,016)
Extension Service	1,036,994	1,036,994	997,220	(39,774)
Records & Information Management	590,196	590,196	564,715	(25,481)
Total general government	16,930,227	16,591,478	14,818,420	(1,773,058)
Public Safety:				
Clerk of District Court	1,633,560	1,633,560	1,613,894	(19,666)
County Court	855,268	907,182	894,427	(12,755)
Juvenile Court	1,874,999	1,916,999	1,915,909	(1,090)
District Court	2,620,816	2,677,651	2,645,509	(32,142)
Public Defender	3,606,001	3,606,001	3,549,125	(56,876)
Jury Commissioner	156,405	156,405	153,411	(2,994)
Justice System Miscellaneous	2,487,867	2,487,867	1,796,532	(691,335)
County Sheriff	10,663,941	10,663,941	10,527,946	(135,995)
County Attorney	6,824,784	6,854,784	6,832,209	(22,575)
Corrections	20,163,725	20,163,725	19,866,201	(297,524)
Juvenile Probation	444,503	444,503	333,906	(110,597)
Adult Probation	404,287	404,287	389,793	(14,494)
Community Corrections	2,052,743	2,202,743	2,151,633	(51,110)
Youth Services Center	5,971,775	5,971,775	5,808,780	(162,995)
Emergency Management	553,498	553,498	510,393	(43,105)
Mental Health Board	140,000	140,000	112,429	(27,571)
Total public safety	60,454,172	60,784,921	59,102,097	(1,682,824)

Lancaster County, Nebraska
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Budget Basis
General Fund
Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over/ (Under)
	Original	Final		
Public Works:				
Geographic Info System	524,583	524,583	510,361	(14,222)
County Engineer	3,430,425	3,430,425	3,307,442	(122,983)
Total public works	<u>3,955,008</u>	<u>3,955,008</u>	<u>3,817,803</u>	<u>(137,205)</u>
Public Health and Social Services:				
General Assistance	2,647,315	2,647,315	2,230,561	(416,754)
Veterans & General Assistance Admin	762,121	770,121	768,338	(1,783)
Health & Human Services	4,447,618	4,447,618	4,382,412	(65,206)
Human Services	305,426	305,426	293,986	(11,440)
Total public health and social services	<u>8,162,480</u>	<u>8,170,480</u>	<u>7,675,297</u>	<u>(495,183)</u>
Total expenditures	<u>89,501,887</u>	<u>89,501,887</u>	<u>85,413,617</u>	<u>(4,088,270)</u>
Revenue over expenditures	<u>(322,645)</u>	<u>(322,645)</u>	4,049,832	4,372,477
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	113,053	113,053
Transfer in	1,069,861	1,069,861	1,184,164	114,303
Transfer out	(7,486,071)	(7,486,071)	(7,484,238)	(1,833)
Total other financing sources (uses)	<u>(6,416,210)</u>	<u>(6,416,210)</u>	<u>(6,187,021)</u>	<u>229,189</u>
Net change in fund balance	<u>\$ (6,738,855)</u>	<u>\$ (6,738,855)</u>	(2,137,189)	<u>\$ 4,601,666</u>
Fund balance at beginning of year			12,928,853	
Encumbrance credit			31,231	
Fund balance at end of year			<u>\$ 10,822,895</u>	
 Explanation of difference between budgetary and GAAP:				
Net change in fund balance, budgetary basis			\$ (2,137,189)	
 Separately budgeted general fund subfunds:				
Veterans Aid fund			1,266	
Revenue accruals			959,202	
Expenditure accruals			(301,825)	
Current year encumbrances			<u>88,481</u>	
Net change in fund balance, GAAP basis			(1,390,065)	
Fund balance, beginning of year, GAAP basis			<u>34,586,399</u>	
Fund balance, end of year, GAAP basis			<u>\$ 33,196,334</u>	

LANCASTER COUNTY, NEBRASKA

NOTES TO BUDGETARY COMPARISON SCHEDULES

Year Ended June 30, 2014

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, 2014

	General Fund	Veterans Aid Fund	Total General
Assets:			
Cash, including investments	\$ 13,503,371	\$ 11,140	\$ 13,514,511
Taxes receivable	23,640,863	-	23,640,863
Due from other government agencies	979,055	-	979,055
Accounts receivable	279,443	-	279,443
Interest receivable	2,341	-	2,341
Total assets	\$ 38,405,073	\$ 11,140	\$ 38,416,213
Liabilities:			
Accounts payable	\$ 2,054,127	\$ -	\$ 2,054,127
Accrued salaries	1,572,404	-	1,572,404
Total liabilities	3,626,531	-	3,626,531
Deferred inflows of resources:			
Unavailable revenue - property tax receivable	1,593,348	-	1,593,348
Total deferred inflows of resources	1,593,348	-	1,593,348
Fund balances:			
Committed for:			
Public safety	44,361	-	44,361
Public works	20,171	-	20,171
General government	23,949	-	23,949
Assigned for:			
Veterans aid	-	11,140	11,140
Unassigned	33,096,713	-	33,096,713
Total fund balances	33,185,194	11,140	33,196,334
Total liabilities, deferred inflows of resources and fund balances	\$ 38,405,073	\$ 11,140	\$ 38,416,213

Lancaster County, Nebraska
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
Year Ended June 30, 2014

	General Fund	Veterans Aid Fund	Eliminations	Total General
Revenues:				
Taxes	\$ 67,896,128	\$ -	\$ -	\$ 67,896,128
Charges for services	14,050,574	-	-	14,050,574
Intergovernmental	8,459,973	-	-	8,459,973
License, fees and rental income	43,480	-	-	43,480
Interest income	96,949	-	-	96,949
Other	47,630	-	-	47,630
Total revenues	90,594,734	-	-	90,594,734
Expenditures:				
Current:				
General government	14,193,020	-	-	14,193,020
Public safety	57,357,770	-	-	57,357,770
Public works	3,636,674	-	-	3,636,674
Public health and human services	7,674,912	3,734	-	7,678,646
Capital outlay	1,102,348	-	-	1,102,348
Debt service:				
Principal	1,116,271	-	-	1,116,271
Interest	549,134	-	-	549,134
Total expenditures	85,630,129	3,734	-	85,633,863
Excess (deficiency) of revenues over (under) expenditures	4,964,605	(3,734)	-	4,960,871
Other financing sources (uses):				
Sale of capital assets	125,135	-	-	125,135
Transfers in	1,000,000	5,000	(5,000)	1,000,000
Transfers out	(7,481,071)	-	5,000	(7,476,071)
Total other financing sources (uses)	(6,355,936)	5,000	-	(6,350,936)
Net change in fund balances	(1,391,331)	1,266	-	(1,390,065)
Fund balances at beginning of year	34,576,525	9,874	-	34,586,399
Fund balances at end of year	\$ 33,185,194	\$ 11,140	\$ -	\$ 33,196,334

Lancaster County, Nebraska
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

Special Revenue Funds

	Visitors Improvement	Visitors Promotion	County Rural Library	Federal Grants	Keno	Economic Development	Lancaster Manor	Mental Health	Weed Control
Assets:									
Cash, including investments	\$ 2,073,068	\$ 770,174	\$ 21,990	\$ 1,244,410	\$ 1,604,260	\$ 324,301	\$ 780,307	\$ 255,610	\$ 110,292
Taxes receivable	-	-	274,303	-	-	-	-	-	-
Due from other government agencies	291,828	291,828	1,803	127,280	75,142	-	-	95,360	-
Accounts receivable	-	-	-	-	-	-	-	43,096	-
Interest receivable	-	-	-	-	-	156	381	-	-
Patient and insurance receivables, net of allowance for doubtful accounts of \$729,970	-	-	-	-	-	-	-	193,214	-
Total assets	\$ 2,364,896	\$ 1,062,002	\$ 298,096	\$ 1,371,690	\$ 1,679,402	\$ 324,457	\$ 780,688	\$ 587,280	\$ 110,292
Liabilities:									
Accounts payable	\$ 125,000	\$ -	\$ -	\$ 435,049	\$ 25,402	\$ -	\$ 2,526	\$ 306,248	\$ 6,415
Accrued salaries	-	-	-	-	-	-	-	72,495	13,017
Advance payable	-	-	-	-	-	-	-	-	-
Total liabilities	125,000	-	-	435,049	25,402	-	2,526	378,743	19,432
Deferred inflows of resources:									
Unavailable revenue - property tax receivable	-	-	24,578	-	-	-	-	-	-
Total deferred inflows of resources	-	-	24,578	-	-	-	-	-	-
Fund balances:									
Restricted for:									
Visitor improvement	2,239,896	1,062,002	-	-	-	-	-	-	-
Rural library services	-	-	273,518	-	-	-	-	-	-
Building, land and road maintenance	-	-	-	-	-	-	-	-	90,860
Drug education	-	-	-	825,799	-	-	-	-	-
Economic development	-	-	-	-	-	324,457	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Minor equipment	-	-	-	-	-	-	-	-	-
Jail construction	-	-	-	-	-	-	-	-	-
Emergency management	-	-	-	110,842	-	-	-	-	-
Committed for:									
Community betterment	-	-	-	-	1,654,000	-	-	-	-
Workers compensation	-	-	-	-	-	-	191,072	-	-
Building maintenance	-	-	-	-	-	-	-	-	-
Building, land and road maintenance	-	-	-	-	-	-	-	-	-
Assigned for:									
Public health and human services	-	-	-	-	-	-	587,090	208,537	-
Building, land and road maintenance	-	-	-	-	-	-	-	-	-
Total fund balances	2,239,896	1,062,002	273,518	936,641	1,654,000	324,457	778,162	208,537	90,860
Total liabilities, deferred outflows of resources and fund balances	\$ 2,364,896	\$ 1,062,002	\$ 298,096	\$ 1,371,690	\$ 1,679,402	\$ 324,457	\$ 780,688	\$ 587,280	\$ 110,292

Lancaster County, Nebraska
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	Special Revenue Funds			Debt Service Fund		Capital Project Funds			Total Nonmajor Governmental Funds
	Building	County Property Management	City Building Maintenance	Debt Service	Correctional Facility Joint Public Agency	Bridge and Special Road	Jail Savings		
Assets:									
Cash, including investments	\$ 506,438	\$ 705,753	\$ 418,669	\$ 1,725,733	\$ 4,407,707	\$ 5,833,233	\$ 875,699	\$ 21,657,644	
Taxes receivable	83,446	-	-	214,078	2,036,197	-	-	2,608,024	
Due from other government agencies	780	105,498	-	1,983	19,627	-	-	1,011,129	
Accounts receivable	-	42,376	-	-	-	36,531	-	122,003	
Interest receivable	-	-	-	-	-	803	-	1,340	
Patient and insurance receivables, net of allowance for doubtful accounts of \$729,970	-	-	-	-	-	-	-	193,214	
Total assets	\$ 590,664	\$ 853,627	\$ 418,669	\$ 1,941,794	\$ 6,463,531	\$ 5,870,567	\$ 875,699	\$ 25,593,354	
Liabilities:									
Accounts payable	\$ 41,937	\$ 158,511	\$ 3,431	\$ -	\$ 97,054	\$ 197,575	\$ -	\$ 1,399,148	
Accrued salaries	-	106,226	-	-	-	62,315	-	254,053	
Advance payable	-	-	60,832	-	-	-	-	60,832	
Total liabilities	41,937	264,737	64,263	-	97,054	259,890	-	1,714,033	
Deferred inflows of resources:									
Unavailable revenue - property tax receivable	5,634	-	-	14,441	129,639	-	-	174,292	
Total deferred inflows of resources	5,634	-	-	14,441	129,639	-	-	174,292	
Fund balances:									
Restricted for:									
Visitor improvement	-	-	-	-	-	-	-	3,301,898	
Rural library services	-	-	-	-	-	-	-	273,518	
Building, land and road maintenance	543,093	-	-	-	-	323,248	-	957,201	
Drug education	-	-	-	-	-	-	-	825,799	
Economic development	-	-	-	-	-	-	-	324,457	
Debt service	-	-	-	1,927,353	4,161,962	-	-	6,089,315	
Minor equipment	-	-	-	-	-	-	875,699	875,699	
Jail construction	-	-	-	-	2,074,876	-	-	2,074,876	
Emergency management	-	-	-	-	-	-	-	110,842	
Committed for:									
Community betterment	-	-	-	-	-	-	-	1,654,000	
Workers compensation	-	-	-	-	-	-	-	191,072	
Building maintenance	-	588,890	354,406	-	-	-	-	943,296	
Building, land and road maintenance	-	-	-	-	-	2,508,210	-	2,508,210	
Assigned for:									
Public health and human services	-	-	-	-	-	-	-	795,627	
Building, land and road maintenance	-	-	-	-	-	2,779,219	-	2,779,219	
Total fund balances	543,093	588,890	354,406	1,927,353	6,236,838	5,610,677	875,699	23,705,029	
Total liabilities, deferred outflows of resources and fund balances	\$ 590,664	\$ 853,627	\$ 418,669	\$ 1,941,794	\$ 6,463,531	\$ 5,870,567	\$ 875,699	\$ 25,593,354	

Lancaster County, Nebraska
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2014

Special Revenue Funds									
	Visitors Improvement	Visitors Promotion	County Rural Library	Federal Grants	Keno	Economic Development	Lancaster Manor	Mental Health	Weed Control
Revenues:									
Taxes	\$ 1,393,197	\$ 1,393,196	\$ 683,664	\$ 2,440	\$ -	\$ -	\$ -	\$ 50,149	\$ -
Charges for services	-	-	-	-	-	-	-	72,876	33,918
Intergovernmental	-	-	38,347	2,329,878	-	-	-	2,773,897	143,071
Medicaid/Medicare/MRO reimbursements	-	-	-	-	-	-	-	1,609,481	-
License, fees and rental income	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	1,582	7,424	-	52
Other income	-	-	-	32,560	967,428	16,020	-	69,790	35,321
Total revenues	1,393,197	1,393,196	722,011	2,364,878	967,428	17,602	7,424	4,576,193	212,362
Expenditures:									
General government	-	-	-	-	49,978	-	-	-	-
Public safety	-	-	-	462,086	-	-	-	-	-
Community development	-	-	-	-	-	39,279	-	-	-
Public works	-	-	-	-	-	-	-	-	344,184
Public health and human services	-	-	-	1,261,347	-	-	88,809	7,613,975	-
Culture and recreation	1,571,391	1,166,916	708,771	-	-	-	-	-	-
Capital outlays	-	-	-	210,648	53,683	-	-	-	3,454
Debt service:									
Principal	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Total expenditures	1,571,391	1,166,916	708,771	1,934,081	103,661	39,279	88,809	7,613,975	347,638
Excess of revenues over (under) expenditures	(178,194)	226,280	13,240	430,797	863,767	(21,677)	(81,385)	(3,037,782)	(135,276)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	1,405,769	143,071
Transfers out	-	-	-	-	(1,000,000)	-	(1,215,000)	-	-
Total other financing sources (uses)	-	-	-	-	(1,000,000)	-	(1,215,000)	1,405,769	143,071
Net change in fund balances	(178,194)	226,280	13,240	430,797	(136,233)	(21,677)	(1,296,385)	(1,632,013)	7,795
Fund balances at beginning of year	2,418,090	835,722	260,278	505,844	1,790,233	346,134	2,074,547	1,840,550	83,065
Fund balances at end of year	\$ 2,239,896	\$ 1,062,002	\$ 273,518	\$ 936,641	\$ 1,654,000	\$ 324,457	\$ 778,162	\$ 208,537	\$ 90,860

Lancaster County, Nebraska
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2014

	Special Revenue Funds			Debt Service Fund		Capital Project Funds		Total Nonmajor Governmental Funds
	Building	County Property Management	City Building Maintenance	Debt Service	Correctional Facility Joint Public Agency	Bridge and Special Road	Jail Savings	
Revenues:								
Taxes	\$ 199,640	\$ -	\$ -	\$ 512,928	\$ 4,592,485	\$ -	\$ 48	\$ 8,827,747
Charges for services	-	3,371,438	372,724	-	-	1,030,509	-	4,881,465
Intergovernmental	11,828	-	-	271,231	284,454	323,248	-	6,175,954
Medicaid/Medicare/MRO reimbursements	-	-	-	-	-	-	-	1,609,481
License, fees and rental income	50,327	1,394,565	-	50,400	-	-	-	1,495,292
Interest income	-	-	-	-	2,800	15,380	2,003	29,241
Other income	-	885	29	-	-	-	-	1,122,033
Total revenues	261,795	4,766,888	372,753	834,559	4,879,739	1,369,137	2,051	24,141,213
Expenditures:								
General government	12,248	4,743,947	353,006	-	-	-	-	5,159,179
Public safety	125,731	-	-	-	1,607	-	36,123	625,547
Community development	-	-	-	-	-	-	-	39,279
Public works	-	-	-	-	-	3,738,731	-	4,082,915
Public health and human services	-	-	-	-	-	-	-	8,964,131
Culture and recreation	-	-	-	-	-	-	-	3,447,078
Capital outlays	99,152	9,211	19,748	-	1,402,889	3,512,284	103,969	5,415,038
Debt service:								
Principal	-	-	-	943,729	2,570,000	-	-	3,513,729
Interest	-	-	-	189,261	2,298,655	-	-	2,487,916
Total expenditures	237,131	4,753,158	372,754	1,132,990	6,273,151	7,251,015	140,092	33,734,812
Excess of revenues over (under) expenditures	24,664	13,730	(1)	(298,431)	(1,393,412)	(5,881,878)	(138,041)	(9,593,599)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	27,800	-	27,800
Transfers in	-	-	-	-	-	6,342,231	-	7,891,071
Transfers out	-	-	-	-	-	-	-	(2,215,000)
Total other financing sources (uses)	-	-	-	-	-	6,370,031	-	5,703,871
Net change in fund balances	24,664	13,730	(1)	(298,431)	(1,393,412)	488,153	(138,041)	(3,889,728)
Fund balances at beginning of year	518,429	575,160	354,407	2,225,784	7,630,250	5,122,524	1,013,740	27,594,757
Fund balances at end of year	\$ 543,093	\$ 588,890	\$ 354,406	\$ 1,927,353	\$ 6,236,838	\$ 5,610,677	\$ 875,699	\$ 23,705,029

Lancaster County, Nebraska
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual - Budget Basis
 Visitor Improvement Fund
 Year Ended June 30, 2014

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Over/ (Under)
	Original	Final		
Revenues:				
Taxes	\$ 1,100,000	\$ 1,100,000	\$ 1,344,657	\$ 244,657
Total revenues	1,100,000	1,100,000	1,344,657	244,657
Expenditures:				
Other contracted services	3,419,801	3,419,801	1,591,391	1,828,410
Total expenditures	3,419,801	3,419,801	1,591,391	1,828,410
Net change in fund balance	\$ (2,319,801)	\$ (2,319,801)	(246,734)	\$ 2,073,067
Fund balance at beginning of year			2,319,802	
Fund balance at end of year			\$ 2,073,068	

Lancaster County, Nebraska
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual - Budget Basis
 Visitor Promotion Fund
 Year Ended June 30, 2014

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Over/ (Under)
	Original	Final		
Revenues:				
Taxes	\$ 1,100,000	\$ 1,100,000	\$ 1,344,656	\$ 244,656
Total revenues	1,100,000	1,100,000	1,344,656	244,656
Expenditures:				
Other contracted services	1,166,916	1,166,916	1,166,916	-
Miscellaneous fees & services	525,517	525,517	-	525,517
Total expenditures	1,692,433	1,692,433	1,166,916	525,517
Net change in fund balance	\$ (592,433)	\$ (592,433)	177,740	\$ 770,173
Fund balance at beginning of year			592,434	
Fund balance at end of year			\$ 770,174	

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amount Budgetary Basis</u>	<u>Variance with Final Budget Over/ (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 702,767	\$ 702,767	\$ 678,229	\$ (24,538)
State revenues	2,700	2,700	38,622	35,922
Intergovernmental	-	-	107	107
Total revenues	<u>705,467</u>	<u>705,467</u>	<u>716,958</u>	<u>11,491</u>
Expenditures:				
City/County shared	708,771	708,771	708,771	-
Miscellaneous fees & services	500	500	-	500
Total expenditures	<u>709,271</u>	<u>709,271</u>	<u>708,771</u>	<u>500</u>
Net change in fund balance	<u>\$ (3,804)</u>	<u>\$ (3,804)</u>	8,187	<u>\$ 11,991</u>
Fund balance at beginning of year			<u>13,803</u>	
Fund balance at end of year			<u>\$ 21,990</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, 2014

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Over/ (Under)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ 2,440	\$ 2,440
Federal receipts	1,739,703	1,739,703	1,651,348	(88,355)
State revenues	623,483	623,483	551,250	(72,233)
Intergovernmental	5,000	5,000	-	(5,000)
Other receipts	20,500	20,500	47,079	26,579
Total revenues	2,388,686	2,388,686	2,252,117	(136,569)
Expenditures:				
Office supplies	4	4	779	(775)
Operating supplies	68,204	68,204	53,591	14,613
Energy supplies	-	-	747	(747)
Repair & maintenance supplies	-	-	69	(69)
Food supplies	-	-	209	(209)
Other contracted services	1,864,085	1,864,085	1,011,118	852,967
Not-for-profit contracts	432,926	432,926	433,252	(326)
Transportation, travel & subsistence	15,847	15,847	68,480	(52,633)
Communications	-	-	8,557	(8,557)
Postage, courier & freight	-	-	16	(16)
Printing & advertising	-	-	354	(354)
Miscellaneous fees & services	388,167	388,167	57,677	330,490
Repair & maintenance costs	-	-	10,524	(10,524)
Rentals	-	-	8,760	(8,760)
Equipment	144,500	144,500	241,302	(96,802)
Total expenditures	2,913,733	2,913,733	1,895,435	1,018,298
Revenue over (under) expenditures	(525,047)	(525,047)	356,682	881,729
Other Financing Sources (Uses):				
Transfers in	5,000	5,000	-	(5,000)
Transfers out	(69,861)	(69,861)	(146,350)	(76,489)
Total other financing sources (uses)	(64,861)	(64,861)	(146,350)	(81,489)
Net change in fund balance	\$ (589,908)	\$ (589,908)	210,332	\$ 800,240
Fund balance at beginning of year			589,906	
Fund balance at end of year			\$ 800,238	

Lancaster County, Nebraska
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Budget Basis
Keno Fund
Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		Actual Amount Budgetary Basis	Variance with Final Budget Over/ (Under)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other receipts	\$ 800,000	\$ 800,000	\$ 967,568	\$ 167,568
Total revenues	<u>800,000</u>	<u>800,000</u>	<u>967,568</u>	<u>167,568</u>
Expenditures:				
Other contracted services	-	-	1,500	(1,500)
City/County shared	100,000	100,000	-	100,000
Not-for-profit contracts	50,000	50,000	47,831	2,169
Miscellaneous fees & services	1,195,698	1,195,698	100	1,195,598
Equipment	194,107	194,107	53,683	140,424
Total expenditures	<u>1,539,805</u>	<u>1,539,805</u>	<u>103,114</u>	<u>1,436,691</u>
Revenue over (under) expenditures	<u>(739,805)</u>	<u>(739,805)</u>	<u>864,454</u>	<u>1,604,259</u>
Other Financing Sources (Uses):				
Transfers out	(1,000,000)	(1,000,000)	(1,000,000)	-
Total other financing sources (uses)	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (1,739,805)</u>	<u>\$ (1,739,805)</u>	<u>(135,546)</u>	<u>\$ 1,604,259</u>
Fund balance at beginning of year			<u>1,739,806</u>	
Fund balance at end of year			<u>\$ 1,604,260</u>	

Lancaster County, Nebraska
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual - Budget Basis
 Economic Development Fund
 Year Ended June 30, 2014

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Over/ (Under)
	Original	Final		
Revenues:				
Interest on investments	\$ 2,000	\$ 2,000	\$ 1,684	\$ (316)
Other receipts	15,500	15,500	19,484	3,984
Total revenues	17,500	17,500	21,168	3,668
Expenditures:				
Other contracted services	45,000	45,000	28,684	16,316
Miscellaneous fees & services	314,912	314,912	10,595	304,317
Total expenditures	359,912	359,912	39,279	320,633
Net change in fund balance	\$ (342,412)	\$ (342,412)	(18,111)	\$ 324,301
Fund balance at beginning of year			342,412	
Fund balance at end of year			\$ 324,301	

Lancaster County, Nebraska
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Budget Basis
Lancaster Manor Fund
Year Ended June 30, 2014

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Over/ (Under)
	Original	Final		
Revenues:				
Charges for services	\$ -	\$ -	\$ 145	\$ 145
Interest on investments	10,000	10,000	8,450	(1,550)
Other receipts	-	-	2,410	2,410
Total revenues	10,000	10,000	11,005	1,005
Expenditures:				
Other contracted services	200,000	200,000	85,546	114,454
Miscellaneous fees & services	247,323	247,323	-	247,323
Total expenditures	447,323	447,323	85,546	361,777
Revenue over (under) expenditures	(437,323)	(437,323)	(74,541)	362,782
Other Financing Sources (Uses):				
Transfers out	(1,630,000)	(1,630,000)	(1,215,000)	415,000
Total other financing sources (uses)	(1,630,000)	(1,630,000)	(1,215,000)	415,000
Net change in fund balance	\$ (2,067,323)	\$ (2,067,323)	(1,289,541)	\$ 777,782
Fund balance at beginning of year			2,067,322	
Fund balance at end of year			\$ 777,781	

Lancaster County, Nebraska
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Budget Basis
Mental Health Fund
Year Ended June 30, 2014

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Over/ (Under)
	Original	Final		
Revenues:				
State revenues	\$ 3,844,025	\$ 3,844,025	\$ 2,859,690	\$ (984,335)
Medicaid/Medicare/MRO reimbursements	2,690,235	2,690,235	1,647,125	(1,043,110)
County aid	1,820,769	1,820,769	1,405,769	(415,000)
Taxes	-	-	679,030	679,030
Charges for services	376,559	376,559	276,755	(99,804)
Federal receipts	52,500	52,500	20,909	(31,591)
Other income	50,000	50,000	65,336	15,336
Intergovernmental	44,931	44,931	22,477	(22,454)
Total revenues	8,879,019	8,879,019	6,977,091	(1,901,928)
Expenditures:				
Salaries & wages	5,352,533	5,352,533	3,874,724	1,477,809
Employee benefits	1,653,619	1,653,619	1,531,757	121,862
Contracted services	805,914	805,914	778,544	27,370
Lease expense	356,867	356,867	318,196	38,671
Client services	195,900	195,900	106,005	89,895
Contracted medical services	171,700	171,700	179,242	(7,542)
Insurance	71,145	71,145	76,553	(5,408)
Communications	65,336	65,336	50,003	15,333
Miscellaneous fees & services	556,315	556,315	369,942	186,373
Repair & maintenance costs	16,850	16,850	6,375	10,475
Energy supplies	34,400	34,400	18,182	16,218
Other compensation	35,055	35,055	42,158	(7,103)
Operating supplies	25,350	25,350	15,082	10,268
Utilities	14,800	14,800	4,760	10,040
Printing & advertising	19,721	19,721	12,868	6,853
Medical supplies	7,200	7,200	4,826	2,374
Transportation & travel	11,020	11,020	6,479	4,541
Postage, courier and freight	14,000	14,000	3,964	10,036
Office supplies	14,300	14,300	5,457	8,843
Total expenditures	9,422,025	9,422,025	7,405,117	2,016,908
Net change in fund balance	\$ (543,006)	\$ (543,006)	(428,026)	\$ 114,980
Fund balance at beginning of year			543,009	
Fund balance at end of year			\$ 114,983	

Lancaster County, Nebraska
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Budget Basis
Weed Control Fund
Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amount Budgetary Basis</u>	<u>Variance with Final Budget Over/ (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 30,000	\$ 30,000	\$ 35,321	\$ 5,321
Charges for services	20,000	20,000	33,918	13,918
Intergovernmental	143,071	143,071	143,071	-
Other receipts	-	-	52	52
Total revenues	<u>193,071</u>	<u>193,071</u>	<u>212,362</u>	<u>19,291</u>
Expenditures:				
Salaries & wages	187,592	187,592	182,852	4,740
Employee benefits	60,817	60,817	54,860	5,957
Other compensation costs	6,338	6,338	4,768	1,570
Office supplies	1,250	1,250	945	305
Operating supplies	1,650	1,650	761	889
Energy supplies	8,000	8,000	6,580	1,420
Other contracted services	47,927	47,927	43,928	3,999
Transportation, travel & subsistence	3,200	3,200	3,388	(188)
Communications	3,975	3,975	3,561	414
Postage, courier and freight	4,800	4,800	8,587	(3,787)
Printing & advertising	2,750	2,750	2,871	(121)
Miscellaneous fees & services	34,750	34,750	35,996	(1,246)
Insurance & surety bonds	4,579	4,579	4,031	548
Utilities	1,000	1,000	950	50
Repair & maintenance costs	3,000	3,000	2,629	371
Equipment	2,100	2,100	3,454	(1,354)
Total expenditures	<u>373,728</u>	<u>373,728</u>	<u>360,161</u>	<u>13,567</u>
Revenue over (under) expenditures	<u>(180,657)</u>	<u>(180,657)</u>	<u>(147,799)</u>	<u>32,858</u>
Other Financing Sources (Uses):				
Transfers in	143,071	143,071	143,071	-
Total other financing sources (uses)	<u>143,071</u>	<u>143,071</u>	<u>143,071</u>	<u>-</u>
Net change in fund balance	<u>\$ (37,586)</u>	<u>\$ (37,586)</u>	<u>(4,728)</u>	<u>\$ 32,858</u>
Fund balance at beginning of year			<u>95,586</u>	
Fund balance at end of year			<u>\$ 90,858</u>	

Lancaster County, Nebraska
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Budget Basis
Building Fund
Year Ended June 30, 2014

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Over/ (Under)
	Original	Final		
Revenues:				
Taxes	\$ 206,000	\$ 206,000	\$ 200,484	\$ (5,516)
State revenues	500	500	12,001	11,501
Licenses, fees, and rental income	-	-	50,327	50,327
Total revenues	206,500	206,500	262,812	56,312
Expenditures:				
Repair & maintenance supplies	-	-	5,486	(5,486)
Other contracted services	-	-	8,954	(8,954)
Communications	-	-	815	(815)
Miscellaneous fees & services	-	-	85	(85)
Utilities	-	-	116,337	(116,337)
Land	800	800	1,000	(200)
Buildings	644,656	644,656	32,452	612,204
Improvements other than buildings	-	-	26,241	(26,241)
Equipment	-	-	3,962	(3,962)
Total expenditures	645,456	645,456	195,332	450,124
Net change in fund balance	\$ (438,956)	\$ (438,956)	67,480	\$ 506,436
Fund balance at beginning of year			438,957	
Fund balance at end of year			\$ 506,437	

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, 2014

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Over/ (Under)
	Original	Final		
Revenues:				
Charges for services	\$ 3,371,392	\$ 3,371,392	\$ 3,615,180	\$ 243,788
Licenses, fees, and rental income	1,392,618	1,392,618	1,367,629	(24,989)
Other receipts	1,920	1,920	885	(1,035)
Total revenues	<u>4,765,930</u>	<u>4,765,930</u>	<u>4,983,694</u>	<u>217,764</u>
Expenditures:				
Salaries & wages	2,846,063	2,846,063	2,755,509	90,554
Employee benefits	1,076,950	1,076,950	1,058,815	18,135
Other compensation costs	58,891	58,891	50,916	7,975
Office supplies	350	350	-	350
Operating supplies	36,969	36,969	41,872	(4,903)
Medical supplies	500	500	-	500
Energy supplies	22,320	22,320	8,630	13,690
Highway & bridge supplies	215	215	-	215
Traffic control supplies	350	350	115	235
Repair & maintenance supplies	32,600	32,600	30,277	2,323
Other contracted services	324,044	324,044	313,832	10,212
City/County Shared	-	-	3,403	(3,403)
Trans, travel & subsistence	-	-	355	(355)
Communications	4,010	4,010	3,475	535
Postage, courier, & freight	181	181	6	175
Printing & advertising	500	500	98	402
Contracted health services	-	-	324	(324)
Miscellaneous fees & services	950	950	874	76
Insurance & surety bonds	21,098	21,098	22,184	(1,086)
Utilities	410,920	410,920	398,881	12,039
Repair & maintenance costs	61,956	61,956	52,973	8,983
Rentals	2,351	2,351	2,448	(97)
Buildings	49,608	49,608	5,320	44,288
Improvements other than buildings	450	450	698	(248)
Equipment	150	150	2,975	(2,825)
Total expenditures	<u>4,951,426</u>	<u>4,951,426</u>	<u>4,753,980</u>	<u>197,446</u>
Net change in fund balance	<u>\$ (185,496)</u>	<u>\$ (185,496)</u>	229,714	<u>\$ 415,210</u>
Fund balance at beginning of year			<u>360,497</u>	
Fund balance at end of year			<u>\$ 590,211</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amount Budgetary Basis</u>	<u>Variance with Final Budget Over/ (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 303,500	\$ 303,500	\$ 379,375	\$ 75,875
Other receipts	--	--	29	29
Total revenues	<u>303,500</u>	<u>303,500</u>	<u>379,404</u>	<u>75,904</u>
Expenditures:				
Operating supplies	-	-	1,591	(1,591)
Energy supplies	-	-	3,054	(3,054)
Traffic control supplies	-	-	390	(390)
Repair & maintenance supplies	-	-	2,808	(2,808)
Other contracted services	-	-	211,365	(211,365)
City/County Shared	-	-	2,637	(2,637)
Communications	-	-	619	(619)
Printing & advertising	-	-	115	(115)
Miscellaneous fees & services	-	-	77,443	(77,443)
Insurance & surety bonds	-	-	1,182	(1,182)
Utilities	-	-	33,046	(33,046)
Repair & maintenance costs	725,819	725,819	7,166	718,653
Rentals	-	-	23,563	(23,563)
Buildings	-	-	17,802	(17,802)
Improvements other than buildings	-	-	1,385	(1,385)
Equipment	-	-	561	(561)
Total expenditures	<u>725,819</u>	<u>725,819</u>	<u>384,727</u>	<u>341,092</u>
Net change in fund balance	<u>\$ (422,319)</u>	<u>\$ (422,319)</u>	(5,323)	<u>\$ 416,996</u>
Fund balance at beginning of year			<u>422,318</u>	
Fund balance at end of year			<u>\$ 416,995</u>	

Lancaster County, Nebraska
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Budget Basis
Debt Service Fund
Year Ended June 30, 2014

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Over/ (Under)
	Original	Final		
Revenues:				
Taxes	\$ 530,615	\$ 530,615	\$ 514,250	\$ (16,365)
Charges for services	300,000	300,000	240,601	(59,399)
State revenues	1,750	1,750	30,830	29,080
Licenses, fees, and rental income	50,400	50,400	50,400	-
Intergovernmental	-	-	17	17
Total revenues	882,765	882,765	836,098	(46,667)
Expenditures:				
Other contracted services	-	-	32	(32)
Debt service	2,805,422	2,805,422	1,132,990	1,672,432
Total expenditures	2,805,422	2,805,422	1,133,022	1,672,400
Net change in fund balance	\$ (1,922,657)	\$ (1,922,657)	(296,924)	\$ 1,625,733
Fund balance at beginning of year			2,022,657	
Fund balance at end of year			\$ 1,725,733	

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, 2014

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Over/ (Under)
	Original	Final		
Revenues:				
Taxes	\$ 4,845,000	\$ 4,845,000	\$ 4,602,543	\$ (242,457)
State revenues	15,600	15,600	284,114	268,514
Interest income	16,800	16,800	2,800	(14,000)
Intergovernmental	1,300	1,300	1,398	98
Total revenues	4,878,700	4,878,700	4,890,855	12,155
Expenditures:				
Other contracted services	2,000	2,000	1,764	236
Capital outlay	3,552,278	3,552,278	1,463,274	2,089,004
Debt service	4,868,655	4,868,655	4,868,655	-
Total expenditures	8,422,933	8,422,933	6,333,693	2,089,240
Net change in fund balance	\$ (3,544,233)	\$ (3,544,233)	(1,442,838)	\$ 2,101,395
Fund balance at beginning of year			5,850,545	
Fund balance at end of year			\$ 4,407,707	

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amount Budgetary Basis</u>	<u>Variance with Final Budget Over/ (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ -	\$ -	\$ 1	\$ 1
Charges for services	685,000	685,000	1,068,265	383,265
State revenues	323,247	323,247	323,248	1
Interest on investments	20,000	20,000	16,234	(3,766)
Total revenues	<u>1,028,247</u>	<u>1,028,247</u>	<u>1,407,748</u>	<u>379,501</u>
Expenditures:				
Salaries & wages	1,611,765	1,611,765	1,601,896	9,869
Employee benefits	649,926	649,926	640,364	9,562
Other compensation costs	47,243	47,243	47,243	-
Office supplies	1,400	1,400	891	509
Operating supplies	34,650	34,650	32,713	1,937
Medical supplies	200	200	55	145
Energy supplies	528,200	528,200	430,352	97,848
Highway & bridge supplies	743,300	743,300	741,111	2,189
Traffic control supplies	10,000	10,000	7,254	2,746
Repair & maintenance supplies	101,000	101,000	108,139	(7,139)
Communications	-	-	640	(640)
Postage, courier & freight	700	700	344	356
Miscellaneous fees & services	4,500	4,500	-	4,500
Utilities	47,200	47,200	52,682	(5,482)
Repair & maintenance costs	32,100	32,100	18,478	13,622
Rentals	7,500	7,500	-	7,500
Land	260,000	260,000	-	260,000
Equipment	183,500	183,500	156,141	27,359
Capitalized contracts	4,844,339	4,844,339	2,888,788	1,955,551
Total expenditures	<u>9,107,523</u>	<u>9,107,523</u>	<u>6,727,091</u>	<u>2,380,432</u>
Revenue over (under) expenditures	<u>(8,079,276)</u>	<u>(8,079,276)</u>	<u>(5,319,343)</u>	<u>2,759,933</u>
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	25,000	25,000	27,800	2,800
Transfers in	6,342,231	6,342,231	6,342,231	-
Total other financing sources (uses)	<u>6,367,231</u>	<u>6,367,231</u>	<u>6,370,031</u>	<u>2,800</u>
Net change in fund balance	<u>\$ (1,712,045)</u>	<u>\$ (1,712,045)</u>	1,050,688	<u>\$ 2,762,733</u>
Fund balance at beginning of year			2,012,045	
Encumbrance credit			50,204	
Fund balance at end of year			<u>\$ 3,112,937</u>	

Lancaster County, Nebraska
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Budget Basis
Jail Savings Fund
Year Ended June 30, 2014

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Over/ (Under)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ 48	\$ 48
Interest on investments	5,000	5,000	2,003	(2,997)
Total revenues	5,000	5,000	2,051	(2,949)
Expenditures:				
Operating supplies	-	-	30,852	(30,852)
Medical supplies	-	-	893	(893)
Repair & maintenance costs	-	-	400	(400)
Equipment	984,330	984,330	40,450	943,880
Capitalized contracts	-	-	34,935	(34,935)
Total expenditures	984,330	984,330	107,530	876,800
Net change in fund balance	\$ (979,330)	\$ (979,330)	(105,479)	\$ 873,851
Fund balance at beginning of year			979,330	
Encumbrance credit			1,848	
Fund balance at end of year			\$ 875,699	

Lancaster County, Nebraska
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Budget Basis
Highway Fund
Year Ended June 30, 2014

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance with Final Budget Over/ (Under)
	Original	Final		
Revenues:				
Charges for services	\$ 30,000	\$ 30,000	\$ 35,198	\$ 5,198
State revenues	7,216,796	7,216,796	7,329,424	112,628
Licenses, fees, and rental income	-	-	3,465	3,465
Interest on investments	10,000	10,000	9,287	(713)
Other receipts	-	-	11,017	11,017
Total revenues	7,256,796	7,256,796	7,388,391	131,595
Expenditures:				
Salaries & wages	1,783,594	1,783,594	1,764,089	19,505
Employee benefits	748,808	748,808	725,697	23,111
Other compensation costs	47,243	47,243	47,243	-
Office supplies	3,100	3,100	3,150	(50)
Operating supplies	134,650	134,650	135,570	(920)
Medical supplies	200	200	-	200
Energy supplies	769,599	769,599	676,727	92,872
Highway & bridge supplies	1,144,700	1,144,700	1,111,801	32,899
Traffic control supplies	120,900	120,900	106,871	14,029
Repair & maintenance supplies	341,300	341,300	398,997	(57,697)
Other contracted services	4,900	4,900	4,290	610
Communications	5,775	5,775	7,307	(1,532)
Postage, courier & freight	4,400	4,400	4,746	(346)
Printing & advertising	600	600	352	248
Miscellaneous fees & services	14,500	14,500	13,022	1,478
Utilities	36,100	36,100	39,011	(2,911)
Repair & maintenance costs	114,450	114,450	149,418	(34,968)
Rentals	14,000	14,000	9,843	4,157
Buildings	250,000	250,000	-	250,000
Equipment	776,890	776,890	618,578	158,312
Capitalized contracts	1,389,400	1,389,400	1,349,145	40,255
Total expenditures	7,705,109	7,705,109	7,165,857	539,252
Revenue over (under) expenditures	(448,313)	(448,313)	222,534	670,847
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	10,000	10,000	-	(10,000)
Total other financing sources (uses)	10,000	10,000	-	(10,000)
Net change in fund balance	\$ (438,313)	\$ (438,313)	222,534	\$ 660,847
Fund balance at beginning of year			638,314	
Encumbrance credit			49,588	
Fund balance at end of year			\$ 910,436	

Lancaster County, Nebraska
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual - Budget Basis
 Veterans Aid Fund
 Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amount Budgetary Basis</u>	<u>Variance with Final Budget Over/ (Under)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Other client services	\$ 11,614	\$ 11,614	\$ 3,734	\$ 7,880
Total expenditures	<u>11,614</u>	<u>11,614</u>	<u>3,734</u>	<u>7,880</u>
Other Financing Sources (Uses):				
Transfers in	5,000	5,000	5,000	-
Total other financing sources (uses)	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Net change in fund balance	<u>\$ (6,614)</u>	<u>\$ (6,614)</u>	1,266	<u>\$ 7,880</u>
Fund balance at beginning of year			9,874	
Fund balance at end of year			<u>\$ 11,140</u>	

Lancaster County, Nebraska
Combining Statement of Net Position
Internal Service Funds
June 30, 2014

	Workers'	Other Self	Group	Total
	Compensation	Insurance Loss	Insurance	
Assets:				
Current assets:				
Cash, including investments	\$ 477,771	\$ 937,817	\$ 4,506,641	\$ 5,922,229
Interest receivable	232	458	-	690
Total current assets	<u>478,003</u>	<u>938,275</u>	<u>4,506,641</u>	<u>5,922,919</u>
Liabilities:				
Current liabilities:				
Accounts payable	50,668	103,478	82,121	236,267
Claims payable	909,505	1,439,732	828,000	3,177,237
Accrued salaries	4,292	-	-	4,292
Current portion - accrued compensated absences	4,706	-	-	4,706
Total current liabilities	<u>969,171</u>	<u>1,543,210</u>	<u>910,121</u>	<u>3,422,502</u>
Noncurrent liabilities:				
Accrued compensated absences	40,993	-	-	40,993
Total liabilities	<u>1,010,164</u>	<u>1,543,210</u>	<u>910,121</u>	<u>3,463,495</u>
Net position:				
Unrestricted	<u>\$ (532,161)</u>	<u>\$ (604,935)</u>	<u>\$ 3,596,520</u>	<u>\$ 2,459,424</u>

Lancaster County, Nebraska

Combining Statement of Revenues, Expenses, and Changes in Net Position Internal Service Funds Year Ended June 30, 2014

	Workers' Compensation	Other Self Insurance Loss	Group Insurance	Total
Operating revenues:				
Charges for services	\$ 608,635	\$ 410,490	\$ 11,287,651	\$ 12,306,776
Other insurance reimbursements	10,060	21,335	19,676	51,071
Total operating revenues	618,695	431,825	11,307,327	12,357,847
Operating expenses:				
Insurance	415,533	1,034,519	10,841,879	12,291,931
Contractual	289,130	33,442	1,081,492	1,404,064
Wages and benefits	141,651	-	-	141,651
Other	65,334	-	-	65,334
Rental	5,114	-	-	5,114
Supplies	826	-	-	826
Total operating expenses	917,588	1,067,961	11,923,371	13,908,920
Operating income (loss)	(298,893)	(636,136)	(616,044)	(1,551,073)
Nonoperating revenues:				
Interest	1,178	3,449	-	4,627
Total nonoperating revenue	1,178	3,449	-	4,627
Income (loss) before contributions and transfers	(297,715)	(632,687)	(616,044)	(1,546,446)
Transfers in	500,000	300,000	-	800,000
Change in net position	202,285	(332,687)	(616,044)	(746,446)
Total net position-beginning of year	(734,446)	(272,248)	4,212,564	3,205,870
Total net position-end of year	\$ (532,161)	\$ (604,935)	\$ 3,596,520	\$ 2,459,424

Lancaster County, Nebraska
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2014

	Workers' Compensation	Other Self Insurance Loss	Group Insurance	Total
Cash flows from operating activities:				
Cash received for services	\$ 608,635	\$ 410,490	\$ 11,287,651	\$ 12,306,776
Cash received from insurance companies	10,060	21,335	19,676	51,071
Cash payments for claims	(789,761)	(314,928)	(11,563,250)	(12,667,939)
Net cash flow from operating activities	(171,066)	116,897	(255,923)	(310,092)
Cash flows from non-capital financing activities:				
Transfers from other funds	500,000	300,000	-	800,000
Net cash flow from non-capital financing activities	500,000	300,000	-	800,000
Cash flows from investing activities:				
Interest on investments	1,178	3,449	-	4,627
Net cash flow from investing activities	1,178	3,449	-	4,627
Change in cash and cash equivalents	330,112	420,346	(255,923)	494,535
Cash and cash equivalents-beginning of the year	147,659	517,471	4,762,564	5,427,694
Cash and cash equivalents-end of the year	<u>\$ 477,771</u>	<u>\$ 937,817</u>	<u>\$ 4,506,641</u>	<u>\$ 5,922,229</u>
Reconciliation of operating income (loss) to net cash flow from operating activities:				
Operating income (loss)	\$ (298,893)	\$ (636,136)	\$ (616,044)	\$ (1,551,073)
Adjustments to reconcile operating income (loss) to net cash flow from operating activities:				
Change in accounts receivable	458	-	-	458
Change in interest receivable	(165)	(71)	-	(236)
Change in accrued liabilities	24,635	103,478	82,121	210,234
Change in claims payable	102,899	649,626	278,000	1,030,525
Net cash flow from operating activities	<u>\$ (171,066)</u>	<u>\$ 116,897</u>	<u>\$ (255,923)</u>	<u>\$ (310,092)</u>

Lancaster County, Nebraska
Combining Statement of Fiduciary Net Position
Employee Benefit Trust Funds
June 30, 2014

	Pension Trust Fund	OPEB Trust Fund	Total
Assets:			
Investments:			
Cash management fund	\$ -	\$ 120,168	\$ 120,168
Stable value fund	39,185,999	-	39,185,999
Mutual funds - domestic equities	52,946,281	241,446	53,187,727
Mutual funds - international equities	19,737,213	27,178	19,764,391
Mutual funds - balanced funds	-	5,617,805	5,617,805
Other fixed income	11,662,387	33,399	11,695,786
Employee contributions receivable	83,705	-	83,705
Employer contributions receivable	123,967	-	123,967
Total assets	<u>123,739,552</u>	<u>6,039,996</u>	<u>129,779,548</u>
Liabilities:			
Due to others	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Net position:			
Held in trust for employee benefits	<u>123,739,552</u>	<u>6,039,996</u>	<u>129,779,548</u>
Total net position	<u>\$ 123,739,552</u>	<u>\$ 6,039,996</u>	<u>\$ 129,779,548</u>

Lancaster County, Nebraska
Combining Statement of Changes in Fiduciary Net Position
Employee Benefit Trust Funds
Year Ended June 30, 2014

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total</u>
Additions:			
Contributions:			
Employee	\$ 2,265,977	\$ -	\$ 2,265,977
Employer	3,374,528	859,612	4,234,140
Forfeitures	49,659	-	49,659
Rollovers	131,335	-	131,335
Military catch-up	4,802	-	4,802
Total contributions	<u>5,826,301</u>	<u>859,612</u>	<u>6,685,913</u>
Investment income:			
Net appreciation in fair value of investments	12,665,785	488,598	13,154,383
Dividends and interest	3,564,265	-	3,564,265
Miscellaneous	25,754	(48,606)	(22,852)
Total net investment income	<u>16,255,804</u>	<u>439,992</u>	<u>16,695,796</u>
Total additions	<u>22,082,105</u>	<u>1,299,604</u>	<u>23,381,709</u>
Deductions:			
Benefits paid	10,686,798	330,177	11,016,975
Forfeitures	49,651	-	49,651
Total deductions	<u>10,736,449</u>	<u>330,177</u>	<u>11,066,626</u>
Change in net position	11,345,656	969,427	12,315,083
Net position - beginning of year	<u>112,393,896</u>	<u>5,070,569</u>	<u>117,464,465</u>
Net position - end of year	<u>\$ 123,739,552</u>	<u>\$ 6,039,996</u>	<u>\$ 129,779,548</u>

Lancaster County, Nebraska
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2014

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Assessor/ Register of Deeds</u>				
Assets				
Cash, including investments	\$ 227,247	\$ 4,684,599	\$ 4,701,083	\$ 210,763
Total assets	<u>\$ 227,247</u>	<u>\$ 4,684,599</u>	<u>\$ 4,701,083</u>	<u>\$ 210,763</u>
Liabilities				
Due to others	\$ 227,247	\$ 4,684,599	\$ 4,701,083	\$ 210,763
Total liabilities	<u>\$ 227,247</u>	<u>\$ 4,684,599</u>	<u>\$ 4,701,083</u>	<u>\$ 210,763</u>
<u>Community Corrections</u>				
Assets				
Cash, including investments	\$ -	\$ 178,331	\$ 173,507	\$ 4,824
Total assets	<u>\$ -</u>	<u>\$ 178,331</u>	<u>\$ 173,507</u>	<u>\$ 4,824</u>
Liabilities				
Due to others	\$ -	\$ 178,331	\$ 173,507	\$ 4,824
Total liabilities	<u>\$ -</u>	<u>\$ 178,331</u>	<u>\$ 173,507</u>	<u>\$ 4,824</u>
<u>Extension Board</u>				
Assets				
Cash, including investments	\$ 175,318	\$ 32,029	\$ 52,853	\$ 154,494
Total assets	<u>\$ 175,318</u>	<u>\$ 32,029</u>	<u>\$ 52,853</u>	<u>\$ 154,494</u>
Liabilities				
Due to others	\$ 175,318	\$ 32,029	\$ 52,853	\$ 154,494
Total liabilities	<u>\$ 175,318</u>	<u>\$ 32,029</u>	<u>\$ 52,853</u>	<u>\$ 154,494</u>
<u>Public Building Commission</u>				
Assets				
Cash, including investments	\$ 3,317,430	\$ 15,818,181	\$ 15,382,659	\$ 3,752,952
Total assets	<u>\$ 3,317,430</u>	<u>\$ 15,818,181</u>	<u>\$ 15,382,659</u>	<u>\$ 3,752,952</u>
Liabilities				
Due to others	\$ 3,317,430	\$ 11,793,051	\$ 11,357,529	\$ 3,752,952
Total liabilities	<u>\$ 3,317,430</u>	<u>\$ 11,793,051</u>	<u>\$ 11,357,529</u>	<u>\$ 3,752,952</u>

Lancaster County, Nebraska
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2014

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Railroad Transportation Safety District</u>				
Assets				
Cash, including investments	\$ 10,587,243	\$ 2,484,530	\$ 761,561	\$ 12,310,212
Total assets	<u>\$ 10,587,243</u>	<u>\$ 2,484,530</u>	<u>\$ 761,561</u>	<u>\$ 12,310,212</u>
Liabilities				
Due to others	\$ 10,587,243	\$ 2,484,530	\$ 761,561	\$ 12,310,212
Total liabilities	<u>\$ 10,587,243</u>	<u>\$ 2,484,530</u>	<u>\$ 761,561</u>	<u>\$ 12,310,212</u>
<u>Flexible Employee Benefits Account (FEBA)</u>				
Assets				
Cash, including investments	\$ 35,762	\$ 454,489	\$ 472,197	\$ 18,054
Total assets	<u>\$ 35,762</u>	<u>\$ 454,489</u>	<u>\$ 472,197</u>	<u>\$ 18,054</u>
Liabilities				
Due to others	\$ 35,762	\$ 454,489	\$ 472,197	\$ 18,054
Total liabilities	<u>\$ 35,762</u>	<u>\$ 454,489</u>	<u>\$ 472,197</u>	<u>\$ 18,054</u>
<u>Tax collection and distribution accounts</u>				
Assets				
Cash, including investments	\$ 18,958,454	\$ 1,038,127,940	\$ 1,041,892,767	\$ 15,193,627
Total assets	<u>\$ 18,958,454</u>	<u>\$ 1,038,127,940</u>	<u>\$ 1,041,892,767</u>	<u>\$ 15,193,627</u>
Liabilities				
Due to others	\$ 18,958,454	\$ 1,038,127,940	\$ 1,041,892,767	\$ 15,193,627
Total liabilities	<u>\$ 18,958,454</u>	<u>\$ 1,038,127,940</u>	<u>\$ 1,041,892,767</u>	<u>\$ 15,193,627</u>
<u>Clerk of the District Court Trust</u>				
Assets				
Cash, including investments	\$ 2,034,866	\$ 10,024,436	\$ 9,189,731	\$ 2,869,571
Total assets	<u>\$ 2,034,866</u>	<u>\$ 10,024,436</u>	<u>\$ 9,189,731</u>	<u>\$ 2,869,571</u>
Liabilities				
Due to others	\$ 2,034,866	\$ 10,024,436	\$ 9,189,731	\$ 2,869,571
Total liabilities	<u>\$ 2,034,866</u>	<u>\$ 10,024,436</u>	<u>\$ 9,189,731</u>	<u>\$ 2,869,571</u>

Lancaster County, Nebraska
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2014

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Sheriff - Attorney Trust Account</u>				
Assets				
Cash, including investments	\$ 51,458	\$ 2,635	\$ 5,540	\$ 48,553
Total assets	<u>\$ 51,458</u>	<u>\$ 2,635</u>	<u>\$ 5,540</u>	<u>\$ 48,553</u>
Liabilities				
Due to others	\$ 51,458	\$ 2,635	\$ 5,540	\$ 48,553
Total liabilities	<u>\$ 51,458</u>	<u>\$ 2,635</u>	<u>\$ 5,540</u>	<u>\$ 48,553</u>
<u>Corrections - Inmate/Commissary</u>				
Assets				
Cash, including investments	\$ 71,508	\$ 3,430,976	\$ 3,329,712	\$ 172,772
Total assets	<u>\$ 71,508</u>	<u>\$ 3,430,976</u>	<u>\$ 3,329,712</u>	<u>\$ 172,772</u>
Liabilities				
Due to others	\$ 71,508	\$ 3,430,976	\$ 3,329,712	\$ 172,772
Total liabilities	<u>\$ 71,508</u>	<u>\$ 3,430,976</u>	<u>\$ 3,329,712</u>	<u>\$ 172,772</u>
<u>Youth Services Center - Resident</u>				
Assets				
Cash, including investments	\$ (177)	\$ 8,646	\$ 8,756	\$ (287)
Total assets	<u>\$ (177)</u>	<u>\$ 8,646</u>	<u>\$ 8,756</u>	<u>\$ (287)</u>
Liabilities				
Due to others	\$ (177)	\$ 8,646	\$ 8,756	\$ (287)
Total liabilities	<u>\$ (177)</u>	<u>\$ 8,646</u>	<u>\$ 8,756</u>	<u>\$ (287)</u>
<u>Total - all agency funds</u>				
Assets				
Cash, including investments	\$ 35,459,109	\$ 1,075,246,792	\$ 1,075,970,366	\$ 34,735,535
Total assets	<u>\$ 35,459,109</u>	<u>\$ 1,075,246,792</u>	<u>\$ 1,075,970,366</u>	<u>\$ 34,735,535</u>
Liabilities				
Due to others	\$ 35,459,109	\$ 1,075,246,792	\$ 1,075,970,366	\$ 34,735,535
Total liabilities	<u>\$ 35,459,109</u>	<u>\$ 1,075,246,792</u>	<u>\$ 1,075,970,366</u>	<u>\$ 34,735,535</u>

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Lancaster County, Nebraska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lancaster County, Nebraska (the County), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 27, 2015.

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 Lancaster County, Nebraska'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. We did identify certain deficiencies in internal control, described in the accompany schedule of findings and questioned costs as items 2014-001 and 2014-002, that we consider to be a significant deficiencies.

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 Audit Standards*.

Lancaster County, Nebraska's Response to Findings

The County's response to the finding identified in our audit is described in the schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied to the audit of the financial statements and, accordingly, we express no opinion on it.

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

January 27, 2015
Wichita, Kansas

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT
ON INTERNAL CONTROL OVER COMPLIANCE

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Lancaster County, Nebraska

Report on Compliance for Each Major Federal Program

We have audited Lancaster County, Nebraska's (the County) compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2014. 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 laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2014.

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 OMB Circular A-133, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2014-003 that we consider to be a significant deficiency.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

January 27, 2015
Wichita, Kansas

LANCASTER COUNTY, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2014
(CONTINUED)

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? Yes X No
- Significant deficiencies identified? X Yes None reported
- Noncompliance material to financial statements noted? Yes X No

FEDERAL AWARDS

Internal control over major programs:

- Material weaknesses identified? Yes X No
- Significant deficiencies identified? X Yes No

Identification of major programs, and type of auditor’s report issued on compliance for major programs:

<u>CFDA Number</u>	<u>NAME OF FEDERAL PROGRAM</u>	<u>OPINION</u>
16.812	Second Chance Act Reentry Initiative	Unmodified
20.205	Highway Planning and Construction	Unmodified
93.563	Child Support Enforcement	Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? Yes X No

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? Yes X No

LANCASTER COUNTY, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2014
(CONTINUED)

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2014-001 (Significant Deficiency): Segregation of Duties, Community Mental Health Center – Repeat Finding

Criteria/Condition: There is a lack of adequate segregation of duties at the Community Mental Health Center (CMHC) related to the patient billing process including posting of adjustments to patients' accounts and the collection and recording of patient receipts. Client account representatives and two account clerks can accept receipts over the counter and post the payments and other adjustments to the customer's account in the billing system. One account clerk opens the mail, logs the amount of collections received and prepares the deposit slip. The other account clerk posts payments received to customer's accounts and reconciles the posted payments to the deposits. However, both account clerks have access to the entire billing process.

Internal controls should ensure proper segregation of duties – i.e., assigning different people the responsibilities of authorizing transactions, recording transactions, and maintaining custody of assets. In small environments where there are a limited number of personnel, compensating controls can be incorporated to mitigate the risk of misappropriation of assets.

Cause: Due to its size, the CMHC has a limited number of personnel.

Effect: A lack of segregation of duties could lead to the potential for misappropriation of assets.

Recommendations: We recommend the following:

- 1) Consider having 2 individuals open the mail and have someone not involved in the billing process use the log of amounts received to reconcile to the amount posted to the system.
- 2) Consider running a daily report that shows payments, adjustments and other activity on customer accounts. Consider having someone in a supervisory position (who does not also have access to post payments or adjustments to the system) review this report to ensure the adjustments are proper.
- 3) Consider limiting access to patient accounts in the system for those individuals who collect patient receipts.

Management's Response (Unaudited):

Lancaster County understands the segregation of duties concern and will review procedures along with the above mentioned recommendations. Staff is limited but we will look at possible solutions.

LANCASTER COUNTY, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2014
(CONTINUED)

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2014-002 (Significant Deficiency): Accounting and Financial Reporting – Repeat Finding

Criteria/Condition: The County's management is responsible for the accuracy, completeness, and fairness of data presented in the financial statements, including all disclosures. Beginning in 2013, the County supplemented its resources by adding a position within the Budget and Fiscal Office to assist with the year-end closing process and preparation of the financial statements. This resulted in the County being able to prepare most of the year-end adjusting entries needed to prepare the financial statements, and for the County to have a greater ability to review the financial statements in more detail, and provide feedback on the statements and related disclosures. We noted the following areas for continued focus in future years:

- 1) *Financial statement preparation:* For the year ended June 30, 2014, the auditors continued to assist in preparing the financial statements, including note disclosures, supplemented by assistance provided by County management as described above. While the majority of the year-end adjusting entries were prepared by management, a few were prepared by the auditors during the course of the audit. Additionally, when the auditor assists in preparing the financial statements and required note disclosures, there is a risk that disclosures or entries may be missed since management has a more comprehensive understanding of the County's operations.
- 2) *Capital Assets:* In the prior year audit it was noted that the engineering department is responsible for informing the County Clerk's office of capital assets pending capitalization. However, there appeared to be a breakdown of communication between the engineering department and the County's finance personnel in regards to the amount and timing of capitalization. This was corrected in the prior year, with the finance department performing a detailed review of the costs for all construction projects to determine the appropriate amounts to be capitalized. Additionally, the finance and engineering office performed a detail review of infrastructure assets during fiscal year 2014 and identified certain infrastructure assets that had not been properly capitalized for financial reporting purposes. This resulted in July 1, 2014 beginning balances being adjusted, which increased the County's net position by \$6.2 million. Due to communication issues in prior years, there is risk that other capital assets have not been properly recorded in the financial statements.

While the County is not expected to undertake special efforts to discover potential impaired assets, the County does not have a process in place to estimate and record the impairment of assets once circumstances that would give rise to the impairment are known by the County. In the current year, while the County assisted in providing information, certain analysis and summaries were required to properly evaluate the appropriateness of potentially impaired assets related to the old correctional facility.

Cause: Additional personnel added to the Budget and Fiscal Office in 2013 are still in the process of obtaining training and experience with the year-end closing process and procedures for preparation of the financial statements.

LANCASTER COUNTY, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**YEAR ENDED JUNE 30, 2014
(CONTINUED)**

SECTION II – FINANCIAL STATEMENT FINDINGS

Effect: When the auditor assists in preparing the financial statements and required note disclosures, there is a risk that disclosures or entries may be missed since management has a more comprehensive understanding of the County's operations.

Recommendations: We recommend management:

- 1) Continue to evaluate and strengthen controls and procedures to capture the information needed to identify, authorize, record and process recurring and nonrecurring journal entries, year-end adjustments, and as needed for the preparation of the financial statements.
- 2) Further evaluate communication and the flow of information between the engineering department, County Clerk's office, and finance personnel pertaining to the identification and recording of capital assets, to ensure capital costs are properly being captured for financial reporting purposes.
- 3) Consider additional training for staff in the preparation of financial statements, and ensure that key personnel in the accounting area are trained in the requirements of governmental accounting and financial reporting.

Management's Response (Unaudited): Lancaster County will work to ensure capital assets are recorded correctly. Lancaster County will also continue to move in the direction of preparing financial statements, note disclosures and year-end adjusting entries.

LANCASTER COUNTY, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2014
(CONTINUED)

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2014-003 (Significant Deficiency):

CFDA #20.205: Highway Planning and Construction, Award #s STPE-3305(9), BR-3280(4), and BRO-7055(102), passed through the State of Nebraska Department of Roads, U.S. Department of Transportation.

Condition: Requests for reimbursement of expenses are prepared, signed, and submitted by the same person. There is no supervisory review of these requests to ensure accuracy and completeness of data and information included in the reports.

Criteria: Internal controls should be designed to provide adequate control over the preparation of reliable reimbursement requests.

Questioned Costs: None were noted.

Context: The reimbursement requests are completed by an engineer who is familiar with the program and sources of information needed to prepare the requests.

Cause: For other programs, the program personnel prepare the reimbursement requests, which are then reviewed by the Grants Coordinator, respective department head or the director of the Budget and Fiscal Office. For this program, an engineer prepares the requests with no secondary review.

Effect: Failure to conduct a review by a second employee could result in inaccurate reimbursement requests being submitted to the agency.

Recommendation: We recommend the County implement a control in which a second employee reviews reimbursement requests for accuracy and completeness of information.

Views of Responsible Officials / Planned Corrective Actions (Unaudited):

The County Engineer's office will implement a policy requiring a review by a second person of all future reimbursement requests and supporting documentation. The review will be done by a second engineer or by the County Engineer prior to seeking approval from the Nebraska Department of Roads.

LANCASTER COUNTY, NEBRASKA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2014

Fiscal Year	Finding Number	Finding	CFDA Number	Comments
2013	2013-003	Requests for reimbursement of expenses and required quarterly and annual reports are prepared, signed, and submitted by the same person.	93.243	The Budget and Fiscal Officer now reviews and approves all reports.
2013	2013-004	For employees who work solely on a single federal award, there was no periodic certification the employees worked solely on that program for the period covered by the certification.	93.563 93.243 16.803	93.563 - certifications are signed on a semi-annual basis. 93.243 - timesheets are maintained for employees. 16.803 - fiscal year 2013 was the last year for this program.

LANCASTER COUNTY, NEBRASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Agriculture Pass-Through Programs From:			
State of Nebraska Health and Human Services			
Food Distribution Program - Detention Center	10.550	47600648201	\$ 120
Nebraska Department of Education			
School Breakfast Program - Detention Center	1 10.553	55-0905	31,828
National School Lunch Program - Detention Center	1 10.555	55-0905	52,290
Total Department of Agriculture			<u>84,238</u>
Department of the Interior			
Payments in Lieu of Taxes	15.226		19,176
Total Department of the Interior			<u>19,176</u>
Department of Justice Direct Programs			
BJA - Drug Court Discretionary Grant Program	16.585	2010-DC-BX-0071	31,070
BJA - Second Chance Act Reentry Initiative	16.812	2012CZBX0030, 2013RWBX0021	570,652
<i>Subtotal Department of Justice Direct Programs</i>			<u>601,722</u>
Department of Justice Pass-Through Programs From:			
Nebraska Commission on Law Enforcement and Criminal Justice			
Juvenile Accountability Block Grants	16.523	12-JA-0602	74,989
Juvenile Justice and Delinquency Prevention - Title II	16.540	12-JJ-06, -07, -09	86,189
Violence Against Women Formula Grants	16.588	12-VW-703	188,461
State Criminal Alien Assistance Program (SCAAP)	16.606	2013APBX0298	59,251
<i>Subtotal Department of Justice Pass-Through Programs</i>			<u>408,890</u>
Total Department of Justice			<u>1,010,612</u>
Department of Transportation Pass-Through Programs From:			
Nebraska Department of Roads			
Highway Planning and Construction	20.205	STPE-3305(9), BR- 3280(4), BRO- 7055(102)	555,166
Nebraska Office of Highway Safety			
Highway Planning and Construction	20.205	HSIP0006, 08, & 09	20,801
Total Department of Transportation			<u>575,967</u>
Department of Health and Human Services Direct Programs:			
Substance Abuse and Mental Health Services Administration -			
Enhancing Adult Drug Court Services	93.243	1H79TI023429	168,447
<i>Subtotal Department of Health and Human Services Direct Programs</i>			<u>168,447</u>
Department of Health and Human Services Pass-Through Programs:			
Nebraska Department of Health and Human Services			
SAMHSA- Block Grant - Community Mental Health	93.958	C-13-0477	9,641
ACF - Promoting Safe and Stable Families	93.556	C-14-0041	104,500
<i>Subtotal State of Nebraska Department of Health and Human Services</i>			<u>114,141</u>

The accompanying note is an
integral part of this schedule

LANCASTER COUNTY, NEBRASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services Pass-Through Programs (continued):			
Nebraska Department of Social Services			
ACF- Child Support Enforcement, County Attorney	93.563	0G1404NE4005	\$ 1,094,338
ACF- Child Support Enforcement, Clerk of District Court	93.563	0G1404NE4005	297,923
ACF- Child Support Enforcement, Bailiff District Court	93.563	0G1404NE4005	202,154
<i>Subtotal State of Nebraska Department of Social Services</i>			<u>1,594,415</u>
<i>Subtotal for Department of Health and Human Services Pass-Through Programs</i>			1,708,556
Total Department of Health and Human Services			<u><u>1,877,003</u></u>
Department of Homeland Security Pass-Through Programs From:			
State of Nebraska Emergency Management Agency			
Disaster Grants - Public Assistance	97.036	4013DRNEP	252,855
Emergency Management Performance Grant	97.042	2013-EP-11, 2012-EP-02	222,055
State Homeland Security Program	97.067	2010SSTD13,	38,608
Total Department of Homeland Security			<u>513,518</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 4,080,514</u></u>

1 - Child Nutrition Cluster

The accompanying note is an
integral part of this schedule

LANCASTER COUNTY, NEBRASKA

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Lancaster County, Nebraska (the County), and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.