AUDIT REPORT
OF
LINCOLN COUNTY, NEBRASKA

Year Ended June 30, 2012

Donald D. Wilson, Certified Public Accountant
McCook, Nebraska

AUDIT REPORT
OF
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Year Ended June 30, 2012

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AUDIT REPORT
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Year Ended June 30, 2012

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DONALD D. WILSON
Certified Public Accountant

Member American Institute Certified Public Accountants

405 Pawnee Drive
McCook, Nebraska 69001

Phone (308) 345-3070
Cell (308) 340-5837

INDEPENDENT AUDITOR'S REPORT

County Board of Commissioners
Lincoln County
North Platte, Nebraska 69101

Board Members:

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lincoln County, Nebraska as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County Board. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective cash balances of the governmental activities, each major fund, and the aggregate remaining fund information of Lincoln County, Nebraska as of June 30, 2012, and the respective changes in cash balances thereof for the year then ended in conformity with basis of accounting described in Note 1.

My audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Lincoln County's financial statements as a whole. The budgetary comparison information, combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The budgetary comparison information, combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

In accordance with *Government Auditing Standards*, I have also issued my report dated October 3, 2012 on my consideration of Lincoln County, Nebraska's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit conducted in accordance with *Government Auditing Standards*, and should be considered in assessing the results of my audit.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Donald D. Wilson, CPA

Donald D. Wilson, CPA
McCook, Nebraska

October 3, 2012

LINCOLN COUNTY, NEBRASKA

STATEMENT OF NET ASSETS - CASH BASIS

June 30, 2012

EXHIBIT A

	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES
ASSETS	
Pooled Cash and Cash Equivalents	6,020,922
Designated Investments	2,621,510
Total Assets	8,642,432
NET ASSETS	
Restricted for:	
Jail Bond/Building	1,925,114
Visitor's Promotion/Improvement	822,187
Veteran's Aid	43,667
Keno Lottery	107,512
Federal Forfeitures	83,927
Child Support	97,323
Unrestricted	5,562,702
Total Net Assets	8,642,432

The Notes to the Financial Statements are an Integral Part of this Statement

LINCOLN COUNTY, NEBRASKA

STATEMENT OF ACTIVITIES - CASH BASIS

FOR THE YEAR ENDED June 30, 2012

Exhibit B

		Program Cash Receipts			Net (Disbursements) Receipt and Changes in Net Assets
	Cash Disbursements	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General Government	6,359,937	1,316,284	544,266		(4,499,387)
Public Safety	4,291,338	495,889	209,354	62,353	(3,523,742)
Public Works	5,570,827	282,885			(5,287,942)
Public Health	55,884				(55,884)
Public Assistance	299,228	900	26,141		(272,187)
Culture and Recreation	669,225		5,000		(664,225)
Capital Outlay	1,197,224				(1,197,224)
Debt Service	1,059,499				(1,059,499)
Total Governmental Activities	19,503,162	2,095,958	784,761	62,353	(16,560,090)
General Receipts:					
Taxes:					
Property taxes, levied for general purposes					9,027,753
Property taxes, levied for public works					10
Property taxes, levied for public assistance					54,744
Property taxes, levied for capital outlay					291,716
Property taxes, levied for debt service					1,263,025
Motor Vehicle Tax					1,169,541
Intergovernmental					3,477,632
Inheritance Tax					679,808
Interest					43,124
Miscellaneous					67,651
Total General Receipts					16,075,004
Changes in Net Assets					(485,086)
Net assets - Beginning of Year					9,127,518
Net assets - End of Year					8,642,432

The Notes to the Financial Statements are an Integral Part of this Statement

LINCOLN COUNTY, NEBRASKA

BALANCE SHEET - CASH BASIS
GOVERNMENTAL FUNDS

June 30, 2012

EXHIBIT C

	General	Road	Inheritance Tax	Jail Bond	Other Governmental Funds	Total
ASSETS						
Equity in Pooled Cash and Cash Equivalents	2,241,206	74,120	2,407,045	13,676	1,284,875	6,020,922
Designated Investments				1,208,685	1,412,825	2,621,510
Total Assets	2,241,206	74,120	2,407,045	1,222,361	2,697,700	8,642,432
FUND BALANCES:						
Restricted				1,222,361	1,857,369	3,079,730
Assigned		74,120	2,407,045		840,331	3,321,496
Unassigned	2,241,206					2,241,206
Total Fund Balances	2,241,206	74,120	2,407,045	1,222,361	2,697,700	8,642,432

The Notes to the Financial Statements are an Integral Part of this Statement

LINCOLN COUNTY, NEBRASKA

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES GOVERNMENTAL FUNDS

FOR THE YEAR ENDED June 30, 2012

EXHIBIT D

		Special Revenue		Debt Service	NonMajor	Total
	General	Road	Inheritance Tax	Jail Bond	Governmental Funds	Governmental Funds
CASH RECEIPTS						
Property Taxes	8,852,580			1,263,025	521,643	10,637,248
Motor Vehicle Tax	1,169,541					1,169,541
Federal Grants	403,549				399,733	803,282
Intergovernmental	184,482	2,521,575		14,323	801,084	3,521,464
Inheritance Tax			679,808			679,808
Charges for Services	2,023,029				72,929	2,095,958
Interest	37,966			2,181	2,977	43,124
Miscellaneous	22,970	1,995			42,686	67,651
Total Cash Receipts	12,694,117	2,523,570	679,808	1,279,529	1,841,052	19,018,076
CASH DISBURSEMENTS						
General Government	5,981,414			4,450	374,073	6,359,937
Public Safety	4,209,686				81,652	4,291,338
Public Works	459,680	4,904,592	86,600		119,955	5,570,827
Public Health	55,884					55,884
Public Assistance	183,095				116,133	299,228
Culture and Recreation	40,477				628,748	669,225
Capital Outlay					1,197,224	1,197,224
Debt Service						
Principal Retirement				677,759		677,759
Interest				381,740		381,740
Total Cash Disbursements	10,930,236	4,904,592	86,600	1,063,949	2,517,785	19,503,162
Excess of Cash Receipts Over (Under) Cash Disbursements	1,763,881	(2,381,022)	593,208	215,580	(676,733)	(485,086)
OTHER FINANCING SOURCES (USES)						
Transfers In	42,445	2,413,800	100,000		208,114	2,764,359
Transfers (Out)	(2,039,924)		(440,000)		(284,435)	(2,764,359)
Total Other Financing Sources (Uses)	(1,997,479)	2,413,800	(340,000)	0	(76,321)	0
Net Change in Fund Balances	(233,598)	32,778	253,208	215,580	(753,054)	(485,086)
Fund Balances, Beginning of Year	2,474,804	41,342	2,153,837	1,006,781	3,450,754	9,127,518
Fund Balances, End of Year	2,241,206	74,120	2,407,045	1,222,361	2,697,700	8,642,432

The Notes to the Financial Statements are an Integral Part of this Statement

LINCOLN COUNTY, NEBRASKA

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - CASH BASIS

AGENCY FUNDS

Year Ended June 30, 2012

EXHIBIT E

	Balance July 1, 2011	Receipts	Disbursements	Balance June 30, 2012
ASSETS				
Equity in Pooled Cash and Cash Equivalents	5,704,050	66,824,681	66,915,406	5,613,325
Total Assets	5,704,050	66,824,681	66,915,406	5,613,325
LIABILITIES				
State	629,663	7,132,662	7,151,714	610,611
Schools	2,766,584	40,497,392	40,899,107	2,364,869
Educational Service Units	6,499	486,741	487,069	6,171
Community College	38,030	2,844,665	2,846,523	36,172
Natural Resource Districts	33,675	2,622,109	2,628,103	27,681
Cemetery Districts	19,979	97,136	61,174	55,941
Fire Districts	7,009	717,492	718,945	5,556
Hospital Districts	4,759	52,522	52,510	4,771
Drainage Districts	464	19,144	9,915	9,693
Irrigation Districts	1,749	299,749	199,095	102,403
Municipalities	2,164,224	7,185,178	7,012,209	2,337,193
Agricultural Society	3,461	257,173	257,364	3,270
Airport Authority	14,747	847,776	847,277	15,246
Partial Payments	11,823	115,653	118,189	9,287
Property Tax Credit		2,279,270	2,255,309	23,961
Tax Increment Financing	884	1,370,019	1,370,903	0
Unclaimed Funds	500			500
Total Liabilities	5,704,050	66,824,681	66,915,406	5,613,325
NET ASSETS	0	0	0	0

The Notes to the Financial Statements are an Integral Part of this Statement

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant accounting policies and procedures adopted by Lincoln County, Nebraska:

A. Reporting Entity:
A Reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the county are not misleading. The County, for financial purposes, includes all of the funds relevant to the operation of Lincoln County. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from Lincoln County. The financial statements of the County include those of separately administered organizations that are controlled by, or dependent on, the County. Control or dependence is determined on the criteria of appointing a voting majority of an organization's governing body and (1) the ability of the county to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the county.

Other individual County offices maintain accounting records and account for monies received and disbursed directly by these offices. Only that portion of these monies which is subsequently receipted by the County Treasurer is reflected in the County's financial statements. Accountabilities of the monies for the various other offices of the county is presented on Schedule 6 of this report.

B. Basis of Presentation:
Government-wide Financial Statements:

The Statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government.

The statement of net assets presents the county's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in two categories:

Restricted Net Assets – result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The amount of restricted net assets was $3,079,730 as of June 30, 2012.

Unrestricted Net Assets– have constraints on resources that are imposed by management, but can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued):

Government-wide Financial Statements (Concluded):
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 and 2) grants and contribution that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:
During the year, the county segregates transactions related to certain county functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the county at this more detailed level. The county uses two categories of funds, governmental and fiduciary. The focus of governmental fund financial statements is on the major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

The following are Lincoln County's major governmental funds:

General Fund:
The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the county for any purpose provided it is expended or transferred according to the general laws of Nebraska.

Road Fund (Special Revenue):
The Road Fund is used to account for revenues and expenditures for necessary road and bridge construction and improvements in accordance with Nebraska State Statute.

Inheritance Tax (Special Revenue):
The Inheritance Tax Fund is used to account for inheritance tax collected in accordance with Nebraska State Statute. The fund balance is available to the county for any purpose.

Jail Bond (Debt Service):
The Jail Bond Fund is used to account for the accumulation of funds necessary to pay interest and redemption of bonds issued for the purpose of construction of new jail facilities.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Basis of Presentation (Concluded):

In the fund financial statements, governmental fund balances are required to be reported according to the following classifications:

Restricted fund balance – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – Amounts that can only be used for specific purposes because of a formal action (resolution) by the County's highest level of decision-making authority, the County Board.

Assigned fund balance – Amounts that are constrained by the County's intent to be used for specific purposes, but do not meet the criteria to be classified as restricted or committed. Intent can by stipulated by the County Board, or by an official to whom that authority has been given. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances.

Unassigned fund balance – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

Fiduciary Funds:
Fiduciary fund reporting focuses on net assets and changes in net assets. The County's only fiduciary funds are agency funds. The agency funds account for assets held by the County for political subdivisions in which the county acts as a fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

Reservation of Fund Balance:
Reservations of fund balances are reported for amounts that are not available for appropriations or are legally restricted by outside parties for use for a specific purpose.

C. Basis of Accounting:
The funds of the County and the financial statements have been prepared on the cash receipts and disbursements basis of accounting. Revenues are taken into account only when received by the county and expenditures are recorded when warrants are issued. This differs from generally accepted accounting principles, which require governmental fund accounting to follow the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become susceptible to accrual and obligations are generally recognized when they are incurred.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED):

D. Capital Assets:
Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, culverts, and similar items which are immovable and of value only to the government), are not reported in the governmental activities column in the government-wide statement of net assets. The capital assets acquisitions are reflected as expenditures in governmental funds, and not capitalized.

E. Revenue Recognition – Property Taxes:

Property taxes are levied by October 15 based on valuations as of April 1. Real Estate taxes become due and attach as an enforceable lien on property as of December 31. Real Estate and Personal Property taxes are payable in two installments and become delinquent on May 1 and September 1, following the levy date. Motor Vehicle taxes are due when application is made for registration of a Motor Vehicle. Counties are permitted by the State Constitution to levy a tax of up to $.50/$100 of assessed valuation for general governmental services, except that $.05 of $100 of taxable valuation of property subject to the levy may only be levied to provide financing for the County's share of revenue required under an agreement executed pursuant to the Inter-local Cooperation act. The County may allocate up to fifteen cents of its authority to other political subdivisions including: Fire Districts, Cemetery Districts, and a Historical Society. The County may levy taxes in addition to the .50-cent limitation upon a vote of the people.

The levy set in October, 2011 for 2011 taxes which will be materially collected in May and September, 2012, was set at $.324660/$100 of assessed valuation. Assessed valuation for Lincoln County for the 2011 tax levy was $3,242,946,764. Additionally, there is currently a legislatively imposed lid limitation, which limits taxation to the prior year's level, with provisions for growth and the reduction of state aid. It may be increased by 2.5%, plus allowable growth, and an additional 1% by a three/fourths majority of the County Board, or to any level by a vote of the people in the county.

NOTE 2: CASH AND POOLED INVESTMENTS:

The County Treasurer has generally pooled the cash resources of the various funds for investment purposes. Cash and cash equivalents are considered to be cash on hand and demand deposits. Interest earned on pooled funds is credited to the County General Fund in accordance with Section 77-2315, R.R.S. 1943. Investments made specifically from and for a particular fund are summarized as "Designated Investments". Interest on these investments is credited to the fund from which the investment is made, also in accordance with the above-cited statute.

The types of investments the County is authorized to invest funds in are enumerated in State Statutes and generally include U.S. government obligations, certificates of deposit, time deposits and securities in which the state investment officer is authorized to invest. As defined by Governmental Accounting Standards Board Statement #3, the County had no investments as of June 30, 2012.

NOTE 2: CASH AND POOLED INVESTMENTS (CONCLUDED):

Lincoln County is a participant in an external investment pool, the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a separate legal and administrative entity organized and existing pursuant to the Inter-Local Cooperation Act and other Nebraska law. NPAIT was established as of July 11, 1996, by the adoption of an Inter-Local Agreement and Declaration of Trust by the Initial Participants and Settlers. The County Treasurer had $1,036,780 invested with NPAIT as of June 30, 2012. Securities held by NPAIT are not held in the County's name.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government policy requires pledged securities to be at least 120% of the amount of deposits over and above the amounts insured by the FDIC. State law restricts the type of collateral securities allowed. The deposits for Lincoln County as of June 30, 2012 were entirely covered by federal depository insurance or by collateral securities pledged to the County Treasurer and held by the safekeeping department of the depository's correspondent bank.

NOTE 3: INTERFUND LOANS AND TRANSFERS:

The detail of interfund loans for the year ended June 30, 2012 were as follows:

Transfer To	Transfer From	Amount
Inheritance Tax	Self Funded Insurance	100,000

The amount due to the Inheritance Tax Fund from the General Fund was $549,825 as of June 30, 2012. The loan to the General Fund were for ROW purchases for the Birdwood project.

The detail of interfund transfers for the year ended June 30, 2012 were as follows:

Transfers To	Transfers From	Amount
Road	General	2,013,800
Jail Building	General	26,124
General	Noxious Weed	41,195
General	Federal Forfeiture	1,250
Road	Inheritance Tax	400,000
Institutions	Inheritance Tax	40,000
Visitor's Promotion	Visitor's Improvement	141,990

Transfers generally move resources from the General Fund, statutorily required to collect the resources, to the fund statutorily required to expend the resources. Transfers from the Inheritance Tax move reserve funds over to other funds as needed. The transfer from Noxious Weed closed this fund. The transfer from Visitor's Improvement moved over funds to reimburse salaries paid from Visitor's Promotion.

NOTE 4: RETIREMENT PROGRAM:

The Retirement Program for Nebraska Counties is a multiple-employer cash balance benefit plan or a defined contribution plan administered by the Nebraska Public Employees Retirement Board (NPERB) in accordance with the provisions of the County Employees Retirement Act beginning at State Statute Section 23-2301.

Each member who is employed and participating in the retirement system prior to January 1, 2003, may either elect to continue participation in the defined contribution benefit plan or elect to participate in the cash balance benefit plan. All new members as of January 1, 2003 will participate in the cash balance benefit plan. In a cash balance benefit plan, benefits depend on amounts contributed to the plan plus interest credits. In a defined contribution plan, benefits depend on amounts contributed to the plan plus investment earnings. All elected officials and full-time employees who have attained the age of twenty will begin immediate plan participation upon hire. Permanently employed part-time employees may exercise the option to begin immediate participation. Employees contribute 4.5% of their salary and the county match is 6.75% of the salary. Commissioned law enforcement personnel employed by the county contribute 5.5% of their salary and the county match is 7.75% of the salary. The employee and employer's contributions are kept in separate accounts. The employer's account is fully vested. The employee's account is vested 100% after three years participation in the plan. Prior service benefits are paid directly by the County to the retired employee. The county's contributions to NPERB for the years ended June 30, 2012, 2011, and 2010 were $474,457, $466,837, and $448,529, respectively. Prior service benefit paid was $3,833, $3,872, and $4,044, for the three fiscal years.

NOTE 5: CHANGES IN LONG-TERM COMMITMENTS:

The following is a summary of changes in long-term commitments of the County for the year ended June 30, 2012:

	Balance July 1, 2011	Additions	Retirements	Balance June 30, 2012
Bonds:				
Jail Building	14,695,000	1,627,759	677,759	15,645,000

NOTE 5: CHANGES IN LONG-TERM COMMITMENTS (CONCLUDED):

A summary of the annual requirements to service the bonds as of June 30, 2012, is as follows:

Year Ended	2012/2011 Jail Bond Series		
	Principal	Interest	Total
June 30, 2013	735,000	365,193	1,100,193
June 30, 2014	780,000	348,506	1,128,506
June 30, 2015	780,000	336,570	1,116,570
June 30, 2016	790,000	329,662	1,119,662
June 30, 2017	795,000	321,165	1,116,165
June 30, 2018	805,000	310,777	1,115,777
June 30, 2019-2024	5,120,000	1,515,285	6,635,285
June 30, 2025-2030	5,840,000	598,680	6,438,680
Total	15,645,000	4,125,838	19,770,838

Jail Bond 2012 Series:
Due serially in annual principal payments of $95,000 to $600,000, plus interest not to exceed 3.5%. These are General Obligation Refunding Bonds issued during 2012 in the amount of $8,705,000 to refund the original 2009 series bonds. Bonds maturing on or after the fifth anniversary of the original issuance date, are subject to optional redemption prior to maturity, in any order of maturity, in integral multiples of $5,000. Interest on the Bonds at the respective rates for each maturity is payable semiannually June 15 and December 15 of each year.

Jail Bond 2011 Series:
Due serially in annual principal payments of $80,000 to $445,000, plus interest not to exceed 4.0%. These are General Obligation Refunding Bonds issued during 2011 in the amount of $5,805,000 to refund the original 2008 series bonds. Bonds maturing on or after the fifth anniversary of the original issuance date, are subject to optional redemption prior to maturity, in any order of maturity, in integral multiples of $5,000. Interest on the Bonds at the respective rates for each maturity is payable semiannually June 15 and December 15 of each year.

The Jail Bond Series 2012/2011 are a general obligation of Lincoln County. The county agrees that it will annually levy a tax on all taxable property, which may exceed the constitutional limitation, sufficient to pay the interest and principal of this bond.

NOTE 6: FEDERALLY ASSISTED PROGRAMS:

The County receives substantial grants from the federal and state governments, all of which are subject to audit by the respective governments. Subsequent audits may disallow expenditures financed by governmental grant programs, although past audits have resulted in no violations of grant regulations and no requests for reimbursement. It is the opinion of management that requests for reimbursement, if any, by either the federal or state governments based on subsequent audits will not be material in relation to the County's financial statements as of June 30, 2012.

NOTE 7: RELATED PARTY TRANSACTIONS:

There were no related party transactions having a material effect on the financial statements for the year ended June 30, 2012.

NOTE 8: ACCUMULATED COMPENSATED ABSENCES:

It is the County's Policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave. Upon separation from the County's service, the accumulated vacation would be paid but the sick leave would be forfeited. The cost of vacation and sick leave are recognized when payments are made to the individual.

NOTE 9: JOINT VENTURE:

Lincoln County has entered into an agreement with the other counties in Region II in conjunction with the Nebraska Department of Public Institutions to provide services to carry out the provisions of the alcoholism and drug abuse services and the Developmental Disabilities Services Act (Acts). Region II consists of the following counties: Grant, Hooker, Thomas, Arthur, McPherson, Logan, Keith, Lincoln, Perkins, Chase, Hayes, Frontier, Dawson, Gosper, Dundy, Hitchcock and Red Willow. The governing boards for Region II services are established by Statute and the agreements and include representatives from the participating county boards. Funding is provided by a combination of federal, state, local, and private funding. Lincoln County contributed $153,302 toward the operation of Region II during fiscal year 2012. The Nebraska Department of Public Institutions requires the Region to be audited annually in accordance with State Statute. Financial information for the Region is available in that audit report.

NOTE 10: COUNTY INSURANCE:

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has purchased commercial insurance to offset these certain risks. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

LINCOLN COUNTY, NEBRASKA

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended June 30, 2012

EXHIBIT F

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Over (Under)
CASH RECEIPTS:				
Taxes	9,610,806	9,610,806	10,022,120	411,314
Federal	355,170	355,170	403,549	48,379
State	732,650	732,650	152,057	(580,593)
Local	2,028,700	2,028,700	2,116,391	87,691
Total Cash Receipts	12,727,326	12,727,326	12,694,117	(33,209)
CASH DISBURSEMENTS:				
General Government:				
Board of Commissioners	109,700	109,700	102,807	6,893
Clerk	265,470	265,470	251,586	13,884
Treasurer	400,730	400,730	379,516	21,214
Register of Deeds	147,625	147,625	139,131	8,494
Assessor	481,905	481,905	481,867	38
Planning Commission	47,980	47,980	44,236	3,744
Data Processing	81,300	81,300	65,814	15,486
Adv., Insurance and Bonds	1,571,125	1,571,125	1,571,083	42
Federal Payroll Tax	396,340	396,340	392,926	3,414
Clerk of the District Court	276,105	276,105	265,248	10,857
County Court System	41,000	41,000	40,964	36
District Court	50,890	50,890	50,890	0
Child Support	257,350	257,350	252,946	4,404
Public Defender	427,505	427,505	424,812	2,693
Building and Grounds	293,600	293,600	270,444	23,156
Jail Building and Grounds	38,800	38,800	33,017	5,783
Extension Office	153,390	153,390	153,375	15
Photostat Department	68,060	68,060	54,862	13,198
Retirement	380,125	380,125	373,846	6,279
Unemployment	20,000	32,000	23,506	8,494
Miscellaneous	594,800	594,800	608,538	(13,738)
Total General Government	6,103,800	6,115,800	5,981,414	134,386
Public Safety:				
Sheriff	1,791,050	1,791,050	1,724,451	66,599
Attorney	534,075	534,075	502,962	31,113
Communication Center	133,390	133,390	129,221	4,169
Merit Commission	1,250	1,250	13	1,237
Jail	1,629,430	1,629,430	1,516,212	113,218
Probation Office	79,900	79,900	78,778	1,122
Emergency Management	114,455	114,455	98,516	15,939
Dive & Rescue Team	15,700	15,700	13,760	1,940
Grant Funds	250,000	250,000		250,000
Miscellaneous	153,200	153,200	145,773	7,427
Total Public Safety	4,702,450	4,702,450	4,209,686	492,764
Public Works:				
Surveyor	87,715	87,715	86,321	1,394
Noxious Weed	354,085	354,085	352,563	1,522
Miscellaneous	20,800	20,800	20,796	4
Total Public Works	462,600	462,600	459,680	2,920

LINCOLN COUNTY, NEBRASKA

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended June 30, 2012

EXHIBIT F CONCLUDED

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Over (Under)
CASH DISBURSEMENTS, CONCLUDED:				
Public Health:				
Miscellaneous	55,885	55,885	55,884	1
Total Public Health	55,885	55,885	55,884	1
Public Assistance:				
Relief	144,330	144,330	103,501	40,829
Veteran's Service Officer	70,145	70,145	63,910	6,235
Miscellaneous	15,685	15,685	15,684	1
Total Public Assistance	230,160	230,160	183,095	47,065
Culture and Recreation:				
Miscellaneous	40,480	40,480	40,477	3
Total Culture and Recreation	40,480	40,480	40,477	3
Total Cash Disbursements	11,595,375	11,607,375	10,930,236	677,139
Excess of Cash Receipts Over (Under) Cash Disbursements	1,131,951	1,119,951	1,763,881	643,930
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	41,195	41,195	42,445	1,250
Operating Transfers (Out)	(2,522,950)	(2,510,950)	(2,039,924)	471,026
Total Other Financing Sources (Uses)	(2,481,755)	(2,469,755)	(1,997,479)	472,276
Net Change in Fund Balance	(1,349,804)	(1,349,804)	(233,598)	1,116,206
Fund Balance, Beginning of Year	2,474,804	2,474,804	2,474,804	
Fund Balance, End of Year	1,125,000	1,125,000	2,241,206	1,116,206

See Accompanying Notes to Budgetary Reporting

LINCOLN COUNTY, NEBRASKA

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL ROAD FUND

For the Year Ended June 30, 2012

EXHIBIT G

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Over (Under)
CASH RECEIPTS:				
Federal	13,000	13,000		(13,000)
State	2,241,840	2,241,840	2,521,468	279,628
Local	6,238	6,238	2,102	(4,136)
Total Cash Receipts	2,261,078	2,261,078	2,523,570	262,492
CASH DISBURSEMENTS:				
Public Works:				
Road Department	5,016,220	5,016,220	4,904,592	111,628
Total Cash Disbursements	5,016,220	5,016,220	4,904,592	111,628
Excess of Cash Receipts Over (Under) Cash Disbursements	(2,755,142)	(2,755,142)	(2,381,022)	374,120
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	2,813,800	2,813,800	2,413,800	(400,000)
Operating Transfers (Out)				
Total Other Financing Sources (Uses)	2,813,800	2,813,800	2,413,800	(400,000)
Net Change in Fund Balance	58,658	58,658	32,778	(25,880)
Fund Balance, Beginning of Year	41,342	41,342	41,342	
Fund Balance, End of Year	100,000	100,000	74,120	(25,880)

See Accompanying Notes to Budgetary Reporting

LINCOLN COUNTY, NEBRASKA

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL INHERITANCE TAX

For the Year Ended June 30, 2012

EXHIBIT H

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Over (Under)
CASH RECEIPTS:				
Local	22,013	22,013	679,808	657,795
Total Cash Receipts	22,013	22,013	679,808	657,795
CASH DISBURSEMENTS:				
Public Works	1,005,000	1,005,000	86,600	918,400
Total Cash Disbursements	1,005,000	1,005,000	86,600	918,400
Excess of Cash Receipts Over (Under) Cash Disbursements	(982,987)	(982,987)	593,208	1,576,195
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	609,150	609,150	100,000	(509,150)
Operating Transfers (Out)	(860,000)	(860,000)	(440,000)	420,000
Total Other Financing Sources (Uses)	(250,850)	(250,850)	(340,000)	(89,150)
Net Change in Fund Balance	(1,233,837)	(1,233,837)	253,208	1,487,045
Fund Balance, Beginning of Year	2,153,837	2,153,837	2,153,837	0
Fund Balance, End of Year	920,000	920,000	2,407,045	1,487,045

See Accompanying Notes to Budgetary Reporting

LINCOLN COUNTY, NEBRASKA

NOTES TO SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING

For the Year Ended June 30, 2012

NOTE 1: GAAP REQUIREMENTS:

Generally Accepted Accounting Principles (GAAP) requires budgetary comparison schedules for the General Fund, and for each major special revenue funds that have a legally adopted annual budget. GAAP further requires the budgetary comparison schedules to include the original budget and final budget amounts. The original budget is the first complete appropriated budget adjusted by reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes before the beginning of the fiscal year. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year as approved by the County Board.

NOTE 2: BUDGET POLICY:

The County follows these procedures in establish the budgetary data reflected in the schedules in accordance with the statutory requirements of the Nebraska Budget Act.

On or before August 1 the finance committee or other designated budget-making authority prepares and transmits a budget for each County fund showing the requirements, the outstanding warrants, the operating reserve to be maintained, the cash on hand at the close of the preceding fiscal year, the revenue from sources other than taxation, and the amount to be raised by taxation. The budget, like the County financial statements, is prepared on the cash receipts and disbursements basis of accounting. The budget contains only those revenues, which have actually been received by the County Treasurer.

The County Board must hold at least one public hearing. Prior to September 20, 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. Appropriations lapse at year-end.

NOTE 3: AMENDED BUDGET:

The unemployment budget within the General Fund was properly amended by transferring $12,000 budget authority from Miscellaneous General.

LINCOLN COUNTY, NEBRASKA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2012

SCHEDULE 1

	Special Revenue Funds (Schedule 3)	Capital Project Fund		Total Nonmajor Governmental Funds (Exhibit C)
		Courthouse Building	Jail Building	
ASSETS				
Equity in Pooled Cash and Cash Equivalents	1,249,235	3,930	31,710	1,284,875
Designated Investments	238,325	503,457	671,043	1,412,825
Total Assets	1,487,560	507,387	702,753	2,697,700
FUND BALANCES:				
Restricted	1,154,616		702,753	1,857,369
Assigned	332,944	507,387		840,331
Total Fund Balances	1,487,560	507,387	702,753	2,697,700

LINCOLN COUNTY, NEBRASKA

COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED June 30, 2012

SCHEDULE 2

	Special Revenue Funds (Schedule 4)	Capital Project Funds		Total Nonmajor Governmental Funds (Exhibit D)
		Courthouse Building	Jail Building	
CASH RECEIPTS				
Property Taxes	229,928	291,715		521,643
Federal Grants	399,733			399,733
Intergovernmental	797,234	3,850		801,084
Charges for Services	72,929			72,929
Interest	151	649	2,177	2,977
Miscellaneous	37,100		5,586	42,686
Total Cash Receipts	1,537,075	296,214	7,763	1,841,052
CASH DISBURSEMENTS				
General Government	374,073			374,073
Public Safety	81,652			81,652
Public Works	119,955			119,955
Public Assistance	116,133			116,133
Culture and Recreation	628,748			628,748
Capital Outlay		330,993	866,231	1,197,224
Total Cash Disbursements	1,320,561	330,993	866,231	2,517,785
Excess of Cash Receipts Over (Under) Cash Disbursements	216,514	(34,779)	(858,468)	(676,733)
OTHER FINANCING SOURCES (USES)				
Transfers In	181,990		26,124	208,114
Transfers Out	(284,435)			(284,435)
Total Other Financing Sources (Uses)	(102,445)	0	26,124	(76,321)
Net Change in Fund Balances	114,069	(34,779)	(832,344)	(753,054)
Fund Balances, Beginning of Year	1,373,491	542,166	1,535,097	3,450,754
Fund Balances, End of Year	1,487,560	507,387	702,753	2,697,700

LINCOLN COUNTY

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2012

SCHEDULE 3

	Special Road	Child Support Incentive	Visitor's Promotion	Visitor's Improvement	Self Funded Insurance
ASSETS					
Equity in Pooled Cash and Cash Equivalents	100,951	97,323	123,336	698,851	
Designated Investments					107,206
Total Assets	100,951	97,323	123,336	698,851	107,206
FUND BALANCES:					
Restricted		97,323	123,336	698,851	
Assigned	100,951				107,206
Total Fund Balances	100,951	97,323	123,336	698,851	107,206

	Institutions	Veteran's Aid	Drug Law Enforcement	Federal Forfeitures	Victims Assistance
ASSETS					
Equity in Pooled Cash and Cash Equivalents	25,350	13,316	897	83,927	12,105
Designated Investments		30,351			
Total Assets	25,350	43,667	897	83,927	12,105
FUND BALANCES:					
Restricted		43,667		83,927	
Assigned	25,350		897		12,105
Total Fund Balances	25,350	43,667	897	83,927	12,105

	Keno Lottery	Handicapped Accessibility			Total Nonmajor Special Revenue Funds (Schedule 1)
ASSETS					
Equity in Pooled Cash and Cash Equivalents	6,744	86,435			1,249,235
Designated Investments	100,768				238,325
Total Assets	107,512	86,435			1,487,560
FUND BALANCES:					
Restricted	107,512				1,154,616
Assigned		86,435			332,944
Total Fund Balances	107,512	86,435			1,487,560

LINCOLN COUNTY NEBRASKA

COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS

For The Year Ended June 30, 2012

SCHEDULE 4

	Special Road	Child Support Incentive	Visitor's Promotion	Visitor's Improvement	Self Funded Insurance	Institutions
CASH RECEIPTS						
Property Taxes	10				175,172	54,743
Federal Grants		31,227				
Intergovernmental			380,306	375,306	2,111	679
Charges for Services						
Interest					47	
Miscellaneous	3,410	50	19,427			
Total Cash Receipts	3,420	31,277	399,733	375,306	177,330	55,422
CASH DISBURSEMENTS						
General Government		285			121,288	
Public Safety						
Public Works	5,455					
Public Assistance						116,133
Culture and Recreation			525,718	103,030		
Total Cash Disbursements	5,455	285	525,718	103,030	121,288	116,133
Excess of Cash Receipts Over (Under) Cash Disbursements	(2,035)	30,992	(125,985)	272,276	56,042	(60,711)
OTHER FINANCING SOURCES (USES)						
Transfers In			141,990			40,000
Transfers (Out)				(141,990)	(100,000)	
Total Other Financing Sources (Uses)	0	0	141,990	(141,990)	(100,000)	40,000
Net Change in Fund Balances	(2,035)	30,992	16,005	130,286	(43,958)	(20,711)
Fund Balances, Beginning of Year	102,986	66,331	107,331	568,565	151,164	46,061
Fund Balances, End of Year	100,951	97,323	123,336	698,851	107,206	25,350

LINCOLN COUNTY NEBRASKA

COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS

For The Year Ended June 30, 2012

SCHEDULE 4 CONTINUED

	Veteran's Aid	Drug Law Enforcement	Federal Forfeitures	Victims Assistance	Community Development	Keno Lottery
CASH RECEIPTS						
Property Taxes						
Federal Grants			83,003	33,003	252,500	
Intergovernmental						
Charges for Services						72,929
Interest	6					98
Miscellaneous	13,316	897				
Total Cash Receipts	13,322	897	83,003	33,003	252,500	73,027
CASH DISBURSEMENTS						
General Government					252,500	
Public Safety			4,000	38,820		
Public Works						114,500
Public Assistance						
Culture and Recreation						
Total Cash Disbursements	0	0	4,000	38,820	252,500	114,500
Excess of Cash Receipts Over (Under) Cash Disbursements	13,322	897	79,003	(5,817)	0	(41,473)
OTHER FINANCING SOURCES (USES)						
Transfers In						
Transfers (Out)			(1,250)			
Total Other Financing Sources (Uses)	0	0	(1,250)	0	0	0
Net Change in Fund Balances	13,322	897	77,753	(5,817)	0	(41,473)
Fund Balances, Beginning of Year	30,345	0	6,174	17,922		148,985
Fund Balances, End of Year	43,667	897	83,927	12,105	0	107,512

LINCOLN COUNTY NEBRASKA

COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS

For The Year Ended June 30, 2012

SCHEDULE 4 CONCLUDED

	Juvenile Facility	Handicapped Accessibility	Noxious Weed	Total Nonmajor Special Revenue Funds (Schedule 2)
CASH RECEIPTS				
Property Taxes		3		229,928
Federal Grants				399,733
Intergovernmental	38,832			797,234
Charges for Services				72,929
Interest				151
Miscellaneous				37,100
Total Cash Receipts	38,832	3	0	1,537,075
CASH DISBURSEMENTS				
General Government				374,073
Public Safety	38,832			81,652
Public Works				119,955
Public Assistance				116,133
Culture and Recreation				628,748
Total Cash Disbursements	38,832	0	0	1,320,561
Excess of Cash Receipts Over (Under) Cash Disbursements	0	3	0	216,514
OTHER FINANCING SOURCES (USES)				
Transfers In				181,990
Transfers (Out)			(41,195)	(284,435)
Total Other Financing Sources (Uses)	0	0	(41,195)	(102,445)
Net Change in Fund Balances	0	3	(41,195)	114,069
Fund Balances, Beginning of Year	0	86,432	41,195	1,373,491
Fund Balances, End of Year	0	86,435	0	1,487,560

LINCOLN COUNTY, NEBRASKA

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL NONMAJOR FUNDS

For the Year Ended June 30, 2012

SCHEDULE 5

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Over (Under)
SPECIAL ROAD				
CASH RECEIPTS	0	0	3,420	3,420
CASH DISBURSEMENTS	102,986	102,986	5,455	97,531
Net Change in Fund Balance	(102,986)	(102,986)	(2,035)	100,951
Fund Balance, Beginning of Year	102,986	102,986	102,986	
Fund Balance, End of Year	0	0	100,951	100,951
CHILD SUPPORT INCENTIVE				
CASH RECEIPTS	233,669	233,669	31,277	(202,392)
CASH DISBURSEMENTS	300,000	300,000	285	299,715
Net Change in Fund Balance	(66,331)	(66,331)	30,992	97,323
Fund Balance, Beginning of Year	66,331	66,331	66,331	
Fund Balance, End of Year	0	0	97,323	97,323
VISITOR'S PROMOTION				
CASH RECEIPTS	448,404	448,404	399,733	(48,671)
CASH DISBURSEMENTS	697,725	697,725	525,718	172,007
OTHER FINANCING SOURCES				
Operating Transfers In	141,990	141,990	141,990	0
Net Change in Fund Balance	(107,331)	(107,331)	16,005	123,336
Fund Balance, Beginning of Year	107,331	107,331	107,331	
Fund Balance, End of Year	0	0	123,336	123,336
VISITOR'S IMPROVEMENT				
CASH RECEIPTS	446,165	446,165	375,306	(70,859)
CASH DISBURSEMENTS	854,240	854,240	103,030	751,210
OTHER FINANCING (Uses):				
Operating Transfers (Out)	(141,990)	(141,990)	(141,990)	0
Net Change in Fund Balance	(550,065)	(550,065)	130,286	680,351
Fund Balance, Beginning of Year	568,565	568,565	568,565	
Fund Balance, End of Year	18,500	18,500	698,851	680,351
SELF FUNDED INSURANCE				
CASH RECEIPTS	157,481	157,481	177,330	19,849
CASH DISBURSEMENTS	208,645	208,645	121,288	87,357
OTHER FINANCING USES:				
Operating Transfers (Out)	(100,000)	(100,000)	(100,000)	0
Net Change in Fund Balance	(151,164)	(151,164)	(43,958)	107,206
Fund Balance, Beginning of Year	151,164	151,164	151,164	
Fund Balance, End of Year	0	0	107,206	107,206

LINCOLN COUNTY, NEBRASKA

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL NONMAJOR FUNDS

For the Year Ended June 30, 2012

SCHEDULE 5 CONTINUED

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Over (Under)
INSTITUTIONS				
CASH RECEIPTS	51,859	51,859	55,422	3,563
CASH DISBURSEMENTS	130,920	130,920	116,133	14,787
OTHER FINANCING SOURCES				
Operating Transfers In	40,000	40,000	40,000	0
Net Change in Fund Balance	(39,061)	(39,061)	(20,711)	18,350
Fund Balance, Beginning of Year	46,061	46,061	46,061	
Fund Balance, End of Year	7,000	7,000	25,350	18,350
VETERAN'S AID				
CASH RECEIPTS	14,995	14,995	13,322	(1,673)
CASH DISBURSEMENTS	45,340	45,340	0	45,340
Net Change in Fund Balance	(30,345)	(30,345)	13,322	43,667
Fund Balance, Beginning of Year	30,345	30,345	30,345	
Fund Balance, End of Year	0	0	43,667	43,667
DRUG LAW ENFORCEMENT				
CASH RECEIPTS	156,100	156,100	897	(155,203)
CASH DISBURSEMENTS	150,000	150,000	0	150,000
Net Change in Fund Balance	6,100	6,100	897	(5,203)
Fund Balance, Beginning of Year	0	0	0	
Fund Balance, End of Year	6,100	6,100	897	(5,203)
FEDERAL FORFEITURES				
CASH RECEIPTS	193,826	193,826	83,003	(110,823)
CASH DISBURSEMENTS	200,000	200,000	5,250	194,750
Net Change in Fund Balance	(6,174)	(6,174)	77,753	83,927
Fund Balance, Beginning of Year	6,174	6,174	6,174	
Fund Balance, End of Year	0	0	83,927	83,927
VICTIMS ASSISTANCE				
CASH RECEIPTS	33,343	33,343	33,003	(340)
CASH DISBURSEMENTS	43,765	43,765	38,820	4,945
Net Change in Fund Balance	(10,422)	(10,422)	(5,817)	4,605
Fund Balance, Beginning of Year	17,922	17,922	17,922	
Fund Balance, End of Year	7,500	7,500	12,105	4,605

LINCOLN COUNTY, NEBRASKA

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL NONMAJOR FUNDS

For the Year Ended June 30, 2012

SCHEDULE 5 CONTINUED

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Over (Under)
COMMUNITY DEVELOPMENT				
CASH RECEIPTS	1,255,000	1,255,000	252,500	(1,002,500)
CASH DISBURSEMENTS	1,255,000	1,255,000	252,500	1,002,500
Net Change in Fund Balance	0	0	0	0
Fund Balance, Beginning of Year	0	0	0	
Fund Balance, End of Year	0	0	0	0
KENO LOTTERY				
CASH RECEIPTS	96,015	96,015	73,027	(22,988)
CASH DISBURSEMENTS	245,000	245,000	114,500	130,500
Net Change in Fund Balance	(148,985)	(148,985)	(41,473)	107,512
Fund Balance, Beginning of Year	148,985	148,985	148,985	
Fund Balance, End of Year	0	0	107,512	107,512
JUVENILE FACILITY				
CASH RECEIPTS	97,000	97,000	38,832	(58,168)
CASH DISBURSEMENTS	117,000	117,000	38,832	78,168
OTHER FINANCING SOURCES				
Operating Transfers In	20,000	20,000		(20,000)
Net Change in Fund Balance	0	0	0	0
Fund Balance, Beginning of Year				
Fund Balance, End of Year	0	0	0	0
HANDICAPPED ACCESSIBILITY				
CASH RECEIPTS	0	0	3	3
CASH DISBURSEMENTS	86,432	86,432	0	86,432
Net Change in Fund Balance	(86,432)	(86,432)	3	86,435
Fund Balance, Beginning of Year	86,432	86,432	86,432	
Fund Balance, End of Year	0	0	86,435	86,435
NOXIOUS WEED				
CASH RECEIPTS	0			0
CASH DISBURSEMENTS	0			0
OTHER FINANCING (USES):				
Operating Transfers (Out)	(41,195)	(41,195)	(41,195)	0
Net Change in Fund Balance	(41,195)	(41,195)	(41,195)	0
Fund Balance, Beginning of Year	41,195	41,195	41,195	
Fund Balance, End of Year	0	0	0	0

LINCOLN COUNTY, NEBRASKA

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL NONMAJOR FUNDS

For the Year Ended June 30, 2012

SCHEDULE 5 CONCLUDED

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	Over (Under)
COURTHOUSE BUILDING				
CASH RECEIPTS	297,314	297,314	296,214	(1,100)
CASH DISBURSEMENTS	837,480	837,480	330,993	506,487
Net Change in Fund Balance	(540,166)	(540,166)	(34,779)	505,387
Fund Balance, Beginning of Year	542,166	542,166	542,166	
Fund Balance, End of Year	2,000	2,000	507,387	505,387
JAIL BUILDING				
CASH RECEIPTS	2,500	2,500	33,887	31,387
CASH DISBURSEMENTS	1,537,597	1,537,597	866,231	671,366
Net Change in Fund Balance	(1,535,097)	(1,535,097)	(832,344)	702,753
Fund Balance, Beginning of Year	1,535,097	1,535,097	1,535,097	
Fund Balance, End of Year	0	0	702,753	702,753

LINCOLN COUNTY, NEBRASKA

SCHEDULE OF OFFICE ACTIVITIES

For The Year Ended June 30, 2012

SCHEDULE 6

	County Clerk	Register of Deeds	Clerk of the District Court	County Sheriff	County Attorney
Balance July 1, 2011	1,797	33,341	178,999	37,018	30,581
Receipts					
Licenses and Permits	3,780			25,315	
Charges for Services	2,978	256,110	58,862	370,537	34,794
Miscellaneous			11,562	4,989	190
State Fees		242,128	56,439		
Inmate Account				805,580	
Other Liabilities	132		1,336,472	570,211	40,014
Total Receipts	6,890	498,238	1,463,335	1,776,632	74,998
Disbursements					
Payments to County Treasurer	6,847	253,947	67,776	402,756	45,369
Payments to State Treasurer		241,615	56,296		
Inmate Account				819,542	
Other Liabilities	51		1,287,642	575,878	44,518
Total Disbursements	6,898	495,562	1,411,714	1,798,176	89,887
Balance June 30, 2012	1,789	36,017	230,620	15,474	15,692
BALANCE CONSISTS OF:					
Due to County Treasurer	789	18,529	7,024	19,080	9,039
Due to State Treasurer		17,488	4,005		
Petty Cash	1,000			2,000	817
Drug Fund					5,827
Inmate Account				(5,549)	
Due to Others			219,591	(57)	9
Balance June 30, 2012	1,789	36,017	230,620	15,474	15,692

LINCOLN COUNTY, NEBRASKA

SCHEDULE OF OFFICE ACTIVITIES

For The Year Ended June 30, 2012

SCHEDULE 6
CONCLUDED

	Noxious Weed	Veteran's Service Officer	County Assessor	Total
Balance July 1, 2011	52,203	15,034	178	349,151
Receipts				
Licenses and Permits				29,095
Charges for Services	252,604			975,885
Miscellaneous			1,609	18,350
State Fees				298,567
Inmate Account				805,580
Other Liabilities		5,010		1,951,839
Total Receipts	252,604	5,010	1,609	4,079,316
Disbursements				
Payments to County Treasurer	262,089		1,660	1,040,444
Payments to State Treasurer				297,911
Inmate Account				819,542
Other Liabilities		14,301		1,922,390
Total Disbursements	262,089	14,301	1,660	4,080,287
Balance June 30, 2012	42,718	5,743	127	348,180
BALANCE CONSISTS OF:				
Due to County Treasurer	42,718		127	97,306
Due to State Treasurer				21,493
Petty Cash				3,817
Drug Fund				5,827
Inmate Account				(5,549)
Due to Others		5,743		225,286
Balance June 30, 2012	42,718	5,743	127	348,180

LINCOLN COUNTY, NEBRASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/ Pass Through Grantor/ Program Title/	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Homeland Security:			
Passed Through Nebraska Emergency Management Agency:			
State Homeland Security Program	97.067	2010-SS-T0-0013	22,157
State Homeland Security Program	97.067	EMW-2011-SS-0017	10,747
Subtotal CFDA Number			32,904
Hazard Mitigation Grant	97.039	FEMA-DR-1770-NE	47,456
Emergency Management Performance Grant	97.042	EMW-2011-EP-0014	23,807
Total U.S. Department of Homeland Security			104,167
U.S. Department of Health and Human Services:			
Passed Through Nebraska Health and Human Services:			
Child Support Enforcement	93.563	None	320,152
Total U.S. Department of Health and Human Services			320,152
U.S. Department of Transportation:			
Passed Through Nebraska Department of Roads:			
Highway Planning and Construction	20.205	RRZ-1390 (3)	774
Passed Through Nebraska Department of Roads Office of Highway Safety:			
Highway Planning and Construction	20.205	None	16,228
Subtotal CFDA Number			17,002
Alcohol and Traffic Safety	20.602	None	3,553
Total U.S. Department of Transportation			20,555
U.S. DEPARTMENT OF JUSTICE:			
Equitable Sharing Program	16.922	None	4,000
Passed Through Nebraska Crime Commission:			
Crime Victim Assistance	16.575	11-VA-0211	33,003
Total U.S. Department of Justice			37,003
U.S. Department of Housing and Urban Development			
Passed Through Nebraska Department of Economic Development:			
Community Development Block Grant	14.228	10-ED 003	252,500
Total U.S. Department of Housing and Urban Development			252,500
TOTAL EXPENDITURES OF FEDERAL AWARDS			734,377

The accompanying notes are an integral part of this schedule

LINCOLN COUNTY, NEBRASKA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

NOTE 1: BASIS OF PRESENTATION:

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Lincoln County and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of the 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

NOTE 2: SUBRECIPIENTS:

Of the federal expenditures presented in the schedule, Lincoln County did not provide any of the federal awards to subrecipients.

NOTE 3: MAJOR FEDERAL PROGRAM:

The Child Support Enforcement (CFDA number 93.563) is considered a major federal program as defined by OMB Circular A-133.

DONALD D. WILSON
Certified Public Accountant

405 Pawnee Drive
Member American Institute Certified Public Accountants McCook, Nebraska 69001
Phone (308) 345-3070
Cell (308) 340-5837

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

County Board of Commissioners
Lincoln County
North Platte, Nebraska 69101

Board Members:

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lincoln County, Nebraska, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements and have issued my report thereon dated October 3, 2012. The report notes the financial statements were prepared on the basis of cash receipts and disbursements. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Lincoln County's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lincoln County's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Lincoln County's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, I identified a certain deficiency in internal control over financial reporting that I consider to be significant deficiency.

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. I did not identify any deficiencies in internal control over financial reporting that I consider to be a material weakness, as defined above.

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. I consider finding 2012-1 as described in the accompanying schedule of findings and questioned costs, to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lincoln County's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

No response was received from management on the finding discussed in the accompanying schedule of findings and questioned costs.

This report is intended solely for the information and use by County Board, management, the Nebraska State Auditor's Office and other state and federal regulatory authorities and is not intended to be and should not be used by anyone other than these specified parties.

Donald D. Wilson, CPA
McCook, Nebraska

October 3, 2012

DONALD D. WILSON
Certified Public Accountant

Member American Institute Certified Public Accountants

405 Pawnee Drive
McCook, Nebraska 69001

Phone (308) 345-3070
Cell (308) 340-5837

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

INDEPENDENT AUDITOR'S REPORT

County Board of Commissioners
Lincoln County
North Platte, Nebraska 69101

Compliance

I have audited Lincoln County's 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 Lincoln County Board major federal programs for the year ended June 30, 2012. Lincoln County's major federal programs are identified in the summary of auditor's result section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Lincoln County's management. My responsibility is to express an opinion on Lincoln County's compliance based on my audit.

I conducted my 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. Those standards and OMB Circular A-133 require that I 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 Lincoln County's compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Lincoln County's compliance with those requirements.

In my opinion, Lincoln County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of Lincoln County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Lincoln County's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing my opinion on compliance, 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, I do not express an opinion on the effectiveness of Lincoln County's internal control over compliance.

A deficiency in internal control over compliance 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, 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.

My 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 deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be a material weaknesses, as defined above.

This report is intended solely for the information and use of the County Board, management, the Nebraska State Auditor's Office and federal awarding agencies and pass-through entities and is not intended to be, and should not be used by anyone other than those specified parties.

Donald D. Wilson, CPA
McCook, Nebraska

October 3, 2012

LINCOLN COUNTY, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2012

Financial Statements:

The auditor's report issued an unqualified opinion on the financial statements.

Internal control over financial reporting:

- Material Weakness identified? _____ yes __X__ No
- Significant Deficiency identified? __X__ yes _____ None Reported
- Noncompliance material to financial statements noted? _____ yes __X__ No

Federal Awards:

Internal control over major programs:

- Material weakness identified? _____ yes __X__ No
- Significant Deficiencies identified ? _____ yes __X__ None Reported

The auditor's report issued an unqualified report on compliance for major programs.

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

Identification of Major Program:

Child Support Enforcement (CFDA Number 93.563)

The dollar threshold for distinguishing Type A and B programs was $300,000
Lincoln County was determined to be a low-risk auditee.

LINCOLN COUNTY, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONCLUDED)

YEAR ENDED JUNE 30, 2012

SECTION II - FINANCIAL STATEMENT FINDING

2012-1 Internal Control:

Good internal control requires authorization or approval of transactions, recording of transactions, and custody of assets should normally be segregated from each other.

During my audit, I noted that there is a lack of segregation of accounting functions among various county offices and personnel. This lack of segregation of duties results in an inadequate overall internal control structure design.

The County should be aware of the inherent risks associated with improper segregation of accounting functions. The County should also develop mitigating controls to reduce the risk of errors or fraud associated with improper segregation of accounting functions.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE NOTED

LINCOLN COUNTY, NEBRASKA

COMMENTS ON RESOLUTION OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2012

The prior audit for Lincoln County disclosed no reportable matters for federal award findings and questioned costs.