

**AUDIT REPORT
OF
LINCOLN COUNTY, NEBRASKA**

Year Ended June 30, 2007

**Donald D. Wilson, Certified Public Accountant
McCook, Nebraska**

**AUDIT REPORT
OF
LINCOLN COUNTY, NEBRASKA
Year Ended June 30, 2007**

TABLE OF CONTENTS

	Page
Independent Auditor’s Report	1-2
Required Supplementary Information: Management’s Discussion and Analysis	3-7
BASIC FINANCIAL STATEMENTS:	
Government Wide Financial Statements:	
Exhibit A Statement of Net Assets – Cash Basis	8
Exhibit B Statement of Activities – Cash Basis	9
Governmental Fund Financial Statements:	
Exhibit C Balance Sheet – Cash Basis	10
Exhibit D Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances	11
Fiduciary Fund Financial Statements:	
Exhibit E Combining Statement of Fiduciary Assets and Liabilities – Agency Funds	12
Notes to Financial Statements	13-19
REQUIRED SUPPLEMENTARY INFORMATION:	
Exhibit F Schedule of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balance Budget and Actual - General Fund	20-21
Exhibit G Schedule of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balance Budget and Actual – Road Fund	22
Exhibit H Schedule of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balance Budget and Actual – Inheritance Tax	23
Notes to Required Supplementary Information – Budgetary Reporting	24
SUPPLEMENTARY INFORMATION:	
Schedule 1 Combining Balance Sheet – Nonmajor Governmental Funds	25
Schedule 2 Combining Schedule of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances – Nonmajor Governmental Funds	26
Schedule 3 Combining Balance Sheet – Nonmajor Special Revenue Funds	27

**AUDIT REPORT
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Year Ended June 30, 2007**

TABLE OF CONTENTS (CONCLUDED)

SUPPLEMENTARY INFORMATION CONCLUDED:	Page
Schedule 4 Combining Schedule of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances – Nonmajor Special Revenue Funds	28-30
Schedule 5 Schedule of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balance Budget and Actual – Nonmajor Funds	31-33
Schedule of Changes in Assets, Liabilities, and Fund Balances:	
Schedule 6 Schedule of Office Activities	34-35
GOVERNMENT AUDITING STANDARDS AND FEDERAL AWARDS SECTION:	
Schedule of Expenditures of Federal Awards	36
Notes to the Schedule of Expenditures of Federal Awards	37
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing</i> Standard	38-39
Independent Auditors’ Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	40-41
Schedule of Findings and Questioned Costs	42-43
Comments on Resolution of Prior Audit Findings	44

DONALD D. WILSON
Certified Public Accountant

Member American Institute Certified Public Accountants

405 Pawnee Drive
McCook, Nebraska 69001

Phone (308) 345-3070

Fax (308) 345-1675

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, 2007, 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, 2007, and the respective changes in cash balances thereof for the year then ended in conformity with basis of accounting described in Note 1.

The management's discussion and analysis and the budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

Independent Auditor's Report
Page 2

My audit was performed for the purpose of forming an opinion on the cash basis financial statements that collectively comprise Lincoln County's basic financial statements. The other supplementary information as listed in the financial section of the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the cash basis financial statements. Such information has been subjected to the auditing procedures applied in the audit of the respective financial statements, and in my opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 26, 2007 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
McCook, Nebraska

December 26, 2007

**LINCOLN COUNTY, NEBRASKA
MANAGEMENT DISCUSSION AND ANALYSIS**

This section of Lincoln County's financial report presents a narrative overview and analysis of the financial activities of the County for the fiscal year ending June 30, 2007. Please read it in conjunction with the County's financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to Lincoln County's basic financial statements. The County's basic financial statements have three components: 1) government – wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains information in addition to the basic financial statements.

Government- Wide Financial Statements. The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis provide a broad overview of the County's overall financial status. Over time, increases or decreases in the County's net assets are one indicator of whether its financial health is improving or deteriorating. The County's financial statements are prepared on the cash basis of accounting and do not include capital assets, or accounts receivable and payable, which would need to be considered to assess the financial health of the County. Non-financial factors also need to be considered to assess the overall health of the County. Government-wide financial statements divide the County into two kinds of activities:

Governmental Activities – The County's basic service are included here. These activities are generally financed through taxes, charges for services, and State and Federal grants/contributions.

Component Units – No component units for the County were identified.

Fund Financial Statements. Fund financial statements focus on the individual parts of the County, reporting the County's operations in more detail than the government-wide statements by providing information about the County's most significant "major" funds. Funds are accounting devices used to keep track of specific sources of funding and spending for particular purposes.

The governmental funds statements tell how general governmental activities were financed in the short term as well as what remains for future spending.

Fiduciary funds statements provide information about financial relationships in which the County acts solely as a trustee or agent for the benefit of others. Fiduciary funds are not included on the government-wide statements.

Notes to the Financial Statements. The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide essential information necessary for fair presentation of the financial statements.

Supplementary Information. This Management Discussion and Analysis and the Budgetary Comparison Schedules represent financial information which provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes. This report also includes optional financial information such as combining statements for non-major funds (which are shown in the fund financial statements in a single column), budgetary comparison information for non-major funds, a schedule of office activities, and a schedule of taxes certified and collected for political subdivisions in the County. This information is provided to address specific needs of various users of the report.

BASIS OF ACCOUNTING

The County’s financial statements are presented on the cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing of recognizing revenues, expenses, and related assets and liabilities. Under the cash basis of accounting, receipts and disbursements and related assets and liabilities are recorded when they result from cash transactions.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for good or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Also, capital assets (land, buildings, furniture, equipment and infrastructure) and the related depreciation are not recorded. Therefore, when reviewing the financial information and discussion within this report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

GOVERNMENT –WIDE FINANCIAL ANALYSIS

Changes in Net Assets:

For the fiscal year ended June 30, 2007, net assets of the county increased 6%.

	<u>2006</u>	<u>2007</u>
Restricted	\$ 787,539	\$ 716,421
Unrestricted	4,493,811	4,886,657
Total Net Assets	<u>5,281,350</u>	<u>5,603,078</u>

Governmental Activities:

Receipts for the County's governmental activities increased 6%, and disbursements increased 4%.

	<u>2006</u>	<u>2007</u>	<u>Percent Change</u>
RECEIPTS:			
Property Taxes	\$6,576,170	6,779,885	3%
Motor Vehicle Tax	1,131,941	1,151,575	2%
Federal Grants	809,242	652,301	-24%
Intergovernmental Receipts	2,824,699	3,351,354	16%
Inheritance Tax	441,095	709,340	38%
Interest	258,758	356,721	27%
Charges for Services	1,779,288	1,722,763	-3%
Miscellaneous	72,690	70,362	-3%
Total Cash Receipts:	<hr/> 13,893,883	<hr/> 14,794,301	<hr/> 6%
DISBURSEMENTS:			
General Government	\$4,450,895	4,584,792	3%
Public Safety	4,140,062	4,220,332	2%
Public Works	4,311,483	4,515,308	5%
Public Health	43,983	45,714	4%
Public Assistance	344,008	290,513	-18%
Culture & Recreation	306,038	374,833	18%
Capital Outlay	19,077	108,299	82%
Debt Service:			
Principal Retirement	295,000	310,000	5%
Interest	34,789	22,782	-53%
Total Disbursements	<hr/> 13,945,335	<hr/> 14,472,573	<hr/> 4%
Increase (Decrease) in Net Assets	(51,452)	321,728	116%
Net Assets Beginning of Year	<hr/> 5,332,802	<hr/> 5,281,350	<hr/> -1%
Net Assets End of Year	5,281,350	5,603,078	6%

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Certain funds experienced noteworthy changes from the prior year and are highlighted as follows:

** The 24% decrease in Federal Grants Receipts is due to the decrease in Homeland Security Funds that the county is receiving.

** The 18% decrease in public assistance was a pleasant surprise. The county contracts with the Nebraska Department of Health & Human Services. We can only guess that case workers are following the established guidelines more stringently or that they are finding other sources available for assistance for these clients.

** The 18% increase in Culture and Recreation is due to increased disbursements in the Visitors Promotion Improvement Fund.

**The 82% increase in Capital Outlay is due to expenditures out of the Building Fund for misc. repairs to the county facilities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final budget can be summarized as follows:

** There were no changes to the original budget in this fiscal year.

CAPITAL ASSET

As noted earlier, the financial statements are presented on the cash basis of accounting and therefore do not include capital assets.

LONG TERM COMMITMENTS:

Following is a description of long-term commitments activity during the year:

1. Road Bonds in the principal balance of \$325,000 which will be paid off in the next fiscal year. Graders, Tractors, Trailers with a balance of \$493,650 as of June 30, 2007.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Describe any currently known facts or conditions expected to have a significant effect on net assets or receipts, disbursements, changes in net assets, budget and tax levies:

Insurance rates have increased considerably in the health insurance line item as well as the property, liability and workmen's compensation line items. This is an item over which the county has no control and would anticipate significant increases in the next budget year.

The increase in fuel prices has had a significant impact on the County Road and County Sheriff's Office.

Interest rate increases on investments had a positive effect on receipts.

LINCOLN COUNTY, NEBRASKA
STATEMENT OF NET ASSETS - CASH BASIS
JUNE 30, 2007

EXHIBIT A

PRIMARY
GOVERNMENT

GOVERNMENTAL
ACTIVITIES

ASSETS

Pooled Cash and Cash Equivalents	4,354,850
Designated Investments	<u>1,248,228</u>
Total Assets	<u>5,603,078</u>

NET ASSETS

Restricted for:	
Road Bond	384,915
Visitor's Promotion/Improvement	133,573
Keno Lottery	197,933
Unrestricted	<u>4,886,657</u>
Total Net Assets	<u><u>5,603,078</u></u>

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, 2007

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	4,584,792	1,220,483	421,679			(2,942,630)
Public Safety	4,220,332	336,268	120,872	143,537		(3,619,655)
Public Works	4,515,308	130,003				(4,385,305)
Public Health	45,714					(45,714)
Public Assistance	290,513	900				(289,613)
Culture and Recreation	374,833		22,835			(351,998)
Capital Outlay	108,299					(108,299)
Debt Service	332,782					(332,782)
Total Governmental Activities	14,472,573	1,687,654	565,386	143,537		(12,075,996)
General Receipts:						
Taxes:						
Property taxes, levied for general purposes						6,292,607
Property taxes, levied for public works						130,225
Property taxes, levied for public assistance						74,157
Property taxes, levied for culture and recreation						10
Property taxes, levied for capital outlay						36,699
Property taxes, levied for debt service						246,187
Motor Vehicle Tax						1,151,575
Intergovernmental						3,329,841
Inheritance Tax						709,340
Interest						356,721
Miscellaneous						70,362
Total General Receipts						12,397,724
Changes in Net Assets						321,728
Net assets - Beginning of Year						5,281,350
Net assets - End of Year						5,603,078

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

LINCOLN COUNTY, NEBRASKA

BALANCE SHEET - CASH BASIS
GOVERNMENTAL FUNDS

JUNE 30, 2007

EXHIBIT C

	General	Road	Inheritance Tax	Courthouse Building	Other Governmental Funds	Total
ASSETS						
Equity in Pooled Cash and Cash Equivalents	2,568,362	96,624	940,512	43	749,309	4,354,850
Designated Investments				673,847	574,381	1,248,228
Total Assets	<u>2,568,362</u>	<u>96,624</u>	<u>940,512</u>	<u>673,890</u>	<u>1,323,690</u>	<u>5,603,078</u>
FUND BALANCES:						
Reserved for Debt Service					384,915	384,915
Unreserved	2,568,362	96,624	940,512	673,890		4,279,388
Unreserved, reported in nonmajor: Special Revenue Funds					938,775	938,775
Total Fund Balances	<u>2,568,362</u>	<u>96,624</u>	<u>940,512</u>	<u>673,890</u>	<u>1,323,690</u>	<u>5,603,078</u>

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, 2007

EXHIBIT D

	Special Revenue			Capital Project	NonMajor	Total
	General	Road	Inheritance Tax	Courthouse Building	Governmental Funds	Governmental Funds
CASH RECEIPTS						
Property Taxes	6,287,185			36,699	456,001	6,779,885
Motor Vehicle Tax	1,151,575					1,151,575
Federal Grants	618,343				33,958	652,301
Intergovernmental	700,231	2,320,767		358	365,107	3,386,463
Inheritance Tax			709,340			709,340
Charges for Services	1,454,470				233,184	1,687,654
Interest	337,688			7,199	11,834	356,721
Miscellaneous	33,247	595			36,520	70,362
Total Cash Receipts	10,582,739	2,321,362	709,340	44,256	1,136,604	14,794,301
CASH DISBURSEMENTS						
General Government	4,584,792					4,584,792
Public Safety	4,098,422				121,910	4,220,332
Public Works	101,945	3,903,264			510,099	4,515,308
Public Health	45,714					45,714
Public Assistance	186,041				104,472	290,513
Culture and Recreation	31,717				343,116	374,833
Capital Outlay				108,299		108,299
Debt Service						
Principal Retirement					310,000	310,000
Interest					22,782	22,782
Total Cash Disbursements	9,048,631	3,903,264	0	108,299	1,412,379	14,472,573
Excess of Cash Receipts Over (Under) Cash Disbursements	1,534,108	(1,581,902)	709,340	(64,043)	(275,775)	321,728
OTHER FINANCING SOURCES (USES)						
Transfers In		1,600,000			160,000	1,760,000
Transfers (Out)	(1,370,000)		(390,000)			(1,760,000)
Total Other Financing Sources (Uses)	(1,370,000)	1,600,000	(390,000)	0	160,000	0
Net Change in Fund Balances	164,108	18,098	319,340	(64,043)	(115,775)	321,728
Fund Balances, Beginning of Year	2,404,254	78,526	621,172	737,933	1,439,465	5,281,350
Fund Balances, End of Year	2,568,362	96,624	940,512	673,890	1,323,690	5,603,078

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, 2007

EXHIBIT E

	Balance July 1, 2006	Receipts	Disbursements	Balance June 30, 2007
ASSETS				
Equity in Pooled Cash and Cash Equivalents	4,270,356	48,930,281	48,711,506	4,489,131
Total Assets	4,270,356	48,930,281	48,711,506	4,489,131
LIABILITIES				
State	562,234	6,121,067	6,137,692	545,609
Schools	2,938,346	30,924,951	30,868,075	2,995,222
Educational Service Units	5,908	355,597	356,109	5,396
Community College	34,228	2,039,043	2,042,610	30,661
Natural Resource Districts	26,039	706,755	702,003	30,791
Cemetery Districts	26,783	51,658	41,641	36,800
Fire Districts	52,972	487,503	402,755	137,720
Hospital Districts	59,487	73,172	53,293	79,366
Drainage Districts	3,718	19,165	19,280	3,603
Irrigation Districts	42,417	244,578	251,550	35,445
Municipalities	478,434	5,710,937	5,657,729	531,642
Agricultural Society	3,689	214,803	215,289	3,203
Airport Authority	14,434	790,095	787,327	17,202
Tax Increment Financing	13,261	1,173,036	1,157,269	29,028
Partial Payments	8,406	17,921	18,884	7,443
Total Liabilities	4,270,356	48,930,281	48,711,506	4,489,131
NET ASSETS	0	0	0	0

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

LINCOLN COUNTY, NEBRASKA

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2007**

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 received 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 Schedules 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 \$716,421 as of June 30, 2007.

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. 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.

LINCOLN COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued):
Government-wide Financial Statements (Concluded):

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.

Courthouse Building (Capital Project):

The Courthouse Building Fund is used to account for taxes levied for the purpose of acquiring or repairing courthouse facilities.

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.

LINCOLN COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2007

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

B. Basis of Presentation (Concluded):

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.

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, 2006 for 2006 taxes which will be materially collected in May and September, 2007, was set at \$.27271/\$100 of assessed valuation. Assessed valuation for Lincoln County for the 2006 tax levy was \$2,444,472,211.

LINCOLN COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the Year Ended June 30, 2007

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

E. Revenue Recognition – Property Taxes (Concluded):

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, 2007.

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 \$1,396,373 invested with NPAIT as of June 30, 2007. 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, 2007 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.

LINCOLN COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT - CONTINUED
For the Year Ended June 30, 2007

NOTE 3: INTERFUND TRANSFERS:

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

<u>Transfers To</u>	<u>Transfers From</u>	<u>Amount</u>
Road	General	1,250,000
Road	Inheritance (Special Revenue)	350,000
Noxious Weed	General	120,000
Institutions	Inheritance	20,000
Juvenile Facility	Inheritance	20,000

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. These transfers are not required to be paid back.

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, 2007, 2006, and 2005 were \$378,029, \$345,202, and \$329,654, respectively. Prior service benefit paid was \$4,244, \$4,294, and \$4,347, for the three fiscal years.

LINCOLN COUNTY, NEBRASKA

NOTES TO FINANCIAL STATEMENT - CONTINUED
For the Year Ended June 30, 2007

NOTE 5: CHANGES IN LONG-TERM COMMITMENTS:

A summary of changes in long-term commitments for the year ended June 30, 2007 is as follows:

	Balance July 1, 2006	Additions	Retirements	Balance June 30, 2007
Road Improvement Bonds	\$ 635,000		310,000	325,000
Road Equipment Lease	648,795		155,145	493,650
Total	1,283,795	0	465,145	818,650

ROAD IMPROVEMENT BONDS:

The County entered into an agreement with Union Bank & Trust to issue Road Improvement Bonds on January 16, 2001. The Bond amount was \$2,000,000 with payments scheduled July 15, 2001 through January 15, 2008. The Bond and Coupon payments due at June 30, 2007 are as follows:

	Road Bonds		
Year Ended	Principal	Interest	Total
June 30, 2008	<u>325,000</u>	<u>14,950</u>	<u>339,950</u>

ROAD EQUIPMENT LEASE:

The County entered into a lease purchase agreement with First National Bank of North Platte for the purchase of motor graders, trailers, and tractors. Payments are due in semiannual payments of \$88,042, with interest at 3.0%. Final payment is due July 10, 2010. The annual payments due at June 30, 2007 are as follows:

	Road Bonds		
Year Ended	Principal	Interest	Total
June 30, 2008	165,364	10,720	176,084
June 30, 2009	162,866	13,218	176,084
June 30, 2010	165,420	10,664	176,084
Total	493,650	34,602	528,252

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, 2007.

LINCOLN COUNTY, NEBRASKA

**NOTES TO FINANCIAL STATEMENT - CONCLUDED
For the Year Ended June 30, 2007**

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, 2007.

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 \$132,244 toward the operation of Region II during fiscal year 2007. 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, 2007

EXHIBIT F

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CASH RECEIPTS:				
Taxes	7,037,400	7,037,400	7,438,760	401,360
Federal	912,000	912,000	618,343	(293,657)
State	335,150	335,150	677,236	342,086
Local	1,966,184	1,966,184	1,848,400	(117,784)
Total Cash Receipts	10,250,734	10,250,734	10,582,739	332,005
CASH DISBURSEMENTS:				
General Government:				
Board of Commissioners	99,865	99,865	96,363	3,502
Clerk	231,850	231,850	227,419	4,431
Treasurer	394,205	394,205	379,952	14,253
Register of Deeds	131,185	131,185	129,393	1,792
Assessor	458,510	458,510	442,962	15,548
Planning Commission	26,620	26,620	24,700	1,920
Data Processing	74,150	74,150	52,213	21,937
Adv., Insurance and Bonds	1,170,200	1,170,200	1,123,364	46,836
Federal Payroll	330,000	330,000	320,529	9,471
Clerk of the District Court	261,830	261,830	235,719	26,111
County Court System	38,020	38,020	37,819	201
District Court	48,275	48,275	45,983	2,292
Public Defender	381,180	381,180	380,732	448
Building and Grounds	295,465	295,465	295,293	172
Extension Office	137,195	137,195	137,189	6
Photostat Department	47,700	47,700	36,454	11,246
Retirement	308,500	308,500	291,654	16,846
Unemployment	8,000	11,100	11,068	32
Miscellaneous	549,570	546,470	315,986	230,484
Total General Government	4,992,320	4,992,320	4,584,792	407,528
Public Safety:				
Sheriff	1,635,438	1,635,438	1,583,575	51,863
Attorney	497,690	497,690	482,649	15,041
Communication Center	123,450	123,450	110,568	12,882
Merit Commission	1,700	1,700	282	1,418
Child Support	226,840	226,840	192,263	34,577
Jail	1,106,000	1,106,000	1,105,649	351
Probation Office	77,500	77,500	77,493	7
Mutual Fire Organization	300,000	300,000	298,181	1,819
Emergency Management	659,005	659,005	202,720	456,285
Dive & Rescue Team	18,000	18,000	17,956	44
Miscellaneous	40,200	40,200	27,086	13,114
Total Public Safety	4,685,823	4,685,823	4,098,422	587,401
Public Works:				
Surveyor	89,200	89,200	81,149	8,051
Miscellaneous	20,800	20,800	20,796	4
Total Public Works	110,000	110,000	101,945	8,055

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, 2007

EXHIBIT F
CONCLUDED

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CASH DISBURSEMENTS, CONCLUDED:				
Public Health:				
Miscellaneous	45,715	45,715	45,714	1
Total Public Health	45,715	45,715	45,714	1
Public Assistance:				
Relief	211,300	211,300	113,658	97,642
Veteran's Service Officer	59,410	59,410	58,683	727
Miscellaneous	13,700	13,700	13,700	0
Total Public Assistance	284,410	284,410	186,041	98,369
Culture and Recreation:				
Miscellaneous	31,720	31,720	31,717	3
Total Culture and Recreation	31,720	31,720	31,717	3
Total Cash Disbursements	10,149,988	10,149,988	9,048,631	1,101,357
Excess of Cash Receipts Over (Under) Cash Disbursements	100,746	100,746	1,534,108	1,433,362
OTHER FINANCING SOURCES (USES):				
Operating Transfers In				
Operating Transfers (Out)	(1,390,000)	(1,390,000)	(1,370,000)	20,000
Total Other Financing Sources (Uses)	(1,390,000)	(1,390,000)	(1,370,000)	20,000
Net Change in Fund Balance	(1,289,254)	(1,289,254)	164,108	1,453,362
Fund Balance, Beginning of Year	2,404,254	2,404,254	2,404,254	0
Fund Balance, End of Year	1,115,000	1,115,000	2,568,362	1,453,362

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, 2007

EXHIBIT G

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CASH RECEIPTS:				
State	2,166,010	2,166,010	2,320,660	154,650
Local	170,778	170,778	702	(170,076)
Total Cash Receipts	<u>2,336,788</u>	<u>2,336,788</u>	<u>2,321,362</u>	<u>(15,426)</u>
CASH DISBURSEMENTS:				
Public Works:				
Road Department	<u>3,916,029</u>	<u>3,916,029</u>	<u>3,903,264</u>	<u>12,765</u>
Total Cash Disbursements	<u>3,916,029</u>	<u>3,916,029</u>	<u>3,903,264</u>	<u>12,765</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	<u>(1,579,241)</u>	<u>(1,579,241)</u>	<u>(1,581,902)</u>	<u>(2,661)</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	1,750,000	1,750,000	1,600,000	(150,000)
Operating Transfers (Out)				
Total Other Financing Sources (Uses)	<u>1,750,000</u>	<u>1,750,000</u>	<u>1,600,000</u>	<u>(150,000)</u>
Net Change in Fund Balance	170,759	170,759	18,098	(152,661)
Fund Balance, Beginning of Year	<u>78,526</u>	<u>78,526</u>	<u>78,526</u>	
Fund Balance, End of Year	<u>249,285</u>	<u>249,285</u>	<u>96,624</u>	<u>(152,661)</u>

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, 2007

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CASH RECEIPTS:				
Local			709,340	709,340
Total Cash Receipts	0	0	709,340	709,340
CASH DISBURSEMENTS:				
General Government	10,000	10,000		10,000
Public Safety				0
Total Cash Disbursements	10,000	10,000	0	10,000
Excess of Cash Receipts Over (Under) Cash Disbursements	(10,000)	(10,000)	709,340	719,340
OTHER FINANCING SOURCES (USES)				
Operating Transfers In				
Operating Transfers (Out)	(540,000)	(540,000)	(390,000)	150,000
Total Other Financing Sources (Uses)	(540,000)	(540,000)	(390,000)	150,000
Net Change in Fund Balance	(550,000)	(550,000)	319,340	869,340
Fund Balance, Beginning of Year	621,172	621,172	621,172	0
Fund Balance, End of Year	71,172	71,172	940,512	869,340

See Accompanying Notes to Budgetary Reporting

LINCOLN COUNTY, NEBRASKA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING**

For the Year Ended June 30, 2007

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.

LINCOLN COUNTY, NEBRASKA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2007

SCHEDULE 1

	Special Revenue Funds (Schedule 3)	Debt Service Fund Road Bond	Total Nonmajor Governmental Funds (Exhibit C)
ASSETS			
Equity in Pooled Cash and Cash Equivalents	746,156	3,153	749,309
Designated Investments	<u>192,619</u>	<u>381,762</u>	<u>574,381</u>
Total Assets	<u><u>938,775</u></u>	<u><u>384,915</u></u>	<u><u>1,323,690</u></u>
FUND BALANCES:			
Reserved		384,915	384,915
Unreserved	<u>938,775</u>	<u> </u>	<u>938,775</u>
Total Fund Balances	<u><u>938,775</u></u>	<u><u>384,915</u></u>	<u><u>1,323,690</u></u>

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, 2007

SCHEDULE 2

	Special Revenue Funds (Schedule 4)	Debt Service Fund Road Bond	Total Nonmajor Governmental Funds (Exhibit D)
CASH RECEIPTS			
Property Taxes	209,814	246,187	456,001
Federal Grants	33,958		33,958
Intergovernmental	361,692	3,415	365,107
Charges for Services	233,184		233,184
Interest	1,960	9,874	11,834
Miscellaneous	36,520		36,520
Total Cash Receipts	<u>877,128</u>	<u>259,476</u>	<u>1,136,604</u>
CASH DISBURSEMENTS			
Public Safety	121,910		121,910
Public Works	510,099		510,099
Public Assistance	104,472		104,472
Culture and Recreation	343,116		343,116
Debt Service:			
Principal Retirement		310,000	310,000
Interest		22,782	22,782
Total Cash Disbursements	<u>1,079,597</u>	<u>332,782</u>	<u>1,412,379</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	<u>(202,469)</u>	<u>(73,306)</u>	<u>(275,775)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	160,000		160,000
Transfers Out			
Total Other Financing Sources (Uses)	<u>160,000</u>	<u>0</u>	<u>160,000</u>
Net Change in Fund Balances	(42,469)	(73,306)	(115,775)
Fund Balances, Beginning of Year	<u>981,244</u>	<u>458,221</u>	<u>1,439,465</u>
Fund Balances, End of Year	<u><u>938,775</u></u>	<u><u>384,915</u></u>	<u><u>1,323,690</u></u>

LINCOLN COUNTY
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2007

SCHEDULE 3

	Special Road	Visitor's Promotion	Visitor's Improvement	Institutions	Drug Law Enforcement	Federal Forfeitures
ASSETS						
Equity in Pooled Cash and Cash Equivalents	381,174	79,119	54,454	34,720	7,673	5,681
Designated Investments						
Total Assets	381,174	79,119	54,454	34,720	7,673	5,681
FUND BALANCES:						
Unreserved	381,174	79,119	54,454	34,720	7,673	5,681
Total Fund Balances	381,174	79,119	54,454	34,720	7,673	5,681
						Total Nonmajor Special Revenue Funds (Schedule 1)
	Victims Assistance	Keno Lottery	Handicapped Accessibility	Noxious Weed	Historical Society	
ASSETS						
Equity in Pooled Cash and Cash Equivalents	43,784	5,314	80,191	54,043	3	746,156
Designated Investments		192,619				192,619
Total Assets	43,784	197,933	80,191	54,043	3	938,775
FUND BALANCES:						
Unreserved	43,784	197,933	80,191	54,043	3	938,775
Total Fund Balances	43,784	197,933	80,191	54,043	3	938,775

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, 2007

SCHEDULE 4

	Special Road	Visitor's Promotion	Visitor's Improvement	Institutions	Drug Law Enforcement
CASH RECEIPTS					
Property Taxes	130,225			74,157	
Federal Grants					
Intergovernmental	1,528	249,665	75,610	1,023	
Charges for Services	1,758				
Interest					
Miscellaneous		2,454			7,673
Total Cash Receipts	133,511	252,119	75,610	75,180	7,673
CASH DISBURSEMENTS					
Public Safety					7,765
Public Works	176,255				
Public Assistance				104,472	
Culture and Recreation		287,845	55,128		
Total Cash Disbursements	176,255	287,845	55,128	104,472	7,765
Excess of Cash Receipts Over (Under) Cash Disbursements	(42,744)	(35,726)	20,482	(29,292)	(92)
OTHER FINANCING SOURCES (USES)					
Transfers In				20,000	
Transfers (Out)					
Total Other Financing Sources (Uses)	0	0	0	20,000	0
Net Change in Fund Balances	(42,744)	(35,726)	20,482	(9,292)	(92)
Fund Balances, Beginning of Year	423,918	114,845	33,972	44,012	7,765
Fund Balances, End of Year	381,174	79,119	54,454	34,720	7,673

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, 2007

SCHEDULE 4
CONTINUED

	Federal Forfeitures	Victims Assistance	Keno Lottery	Juvenile Facility	Handicapped Accessibility
CASH RECEIPTS					
Property Taxes					5,422
Federal Grants		33,958			
Intergovernmental Charges for Services				33,787	79
Interest			103,181 1,960		
Miscellaneous	26,356				
Total Cash Receipts	26,356	33,958	105,141	33,787	5,501
CASH DISBURSEMENTS					
Public Safety	24,327	31,968		53,787	4,063
Public Works			75,209		
Public Assistance Culture and Recreation					
Total Cash Disbursements	24,327	31,968	75,209	53,787	4,063
Excess of Cash Receipts Over (Under) Cash Disbursements	2,029	1,990	29,932	(20,000)	1,438
OTHER FINANCING SOURCES (USES)					
Transfers In				20,000	
Transfers (Out)					
Total Other Financing Sources (Uses)	0	0	0	20,000	0
Net Change in Fund Balances	2,029	1,990	29,932	0	1,438
Fund Balances, Beginning of Year	3,652	41,794	168,001	0	78,753
Fund Balances, End of Year	5,681	43,784	197,933	0	80,191

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, 2007

**SCHEDULE 4
CONCLUDED**

Total Nonmajor
Special Revenue
Funds
(Schedule 2)

	Noxious Weed	Historical Society	
CASH RECEIPTS			
Property Taxes		10	209,814
Federal Grants			33,958
Intergovernmental			361,692
Charges for Services	128,245		233,184
Interest			1,960
Miscellaneous	37		36,520
Total Cash Receipts	<u>128,282</u>	<u>10</u>	<u>877,128</u>
CASH DISBURSEMENTS			
Public Safety			121,910
Public Works	258,635		510,099
Public Assistance			104,472
Culture and Recreation		143	343,116
Total Cash Disbursements	<u>258,635</u>	<u>143</u>	<u>1,079,597</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	<u>(130,353)</u>	<u>(133)</u>	<u>(202,469)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	120,000		160,000
Transfers (Out)			
Total Other Financing Sources (Uses)	<u>120,000</u>	<u>0</u>	<u>160,000</u>
Net Change in Fund Balances	(10,353)	(133)	(42,469)
Fund Balances, Beginning of Year	<u>64,396</u>	<u>136</u>	<u>981,244</u>
Fund Balances, End of Year	<u><u>54,043</u></u>	<u><u>3</u></u>	<u><u>938,775</u></u>

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, 2007

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
SPECIAL ROAD				
CASH RECEIPTS	51,082	51,082	133,511	82,429
CASH DISBURSEMENTS	475,000	475,000	176,255	298,745
Net Change in Fund Balance	(423,918)	(423,918)	(42,744)	381,174
Fund Balance, Beginning of Year	423,918	423,918	423,918	
Fund Balance, End of Year	0	0	381,174	381,174
VISITOR'S PROMOTION				
CASH RECEIPTS	275,421	275,421	252,119	(23,302)
CASH DISBURSEMENTS	366,950	366,950	287,845	79,105
Net Change in Fund Balance	(91,529)	(91,529)	(35,726)	55,803
Fund Balance, Beginning of Year	114,845	114,845	114,845	
Fund Balance, End of Year	23,316	23,316	79,119	55,803
VISITOR'S IMPROVEMENT				
CASH RECEIPTS	65,000	65,000	75,610	10,610
CASH DISBURSEMENTS	82,900	82,900	55,128	27,772
Net Change in Fund Balance	(17,900)	(17,900)	20,482	38,382
Fund Balance, Beginning of Year	33,972	33,972	33,972	
Fund Balance, End of Year	16,072	16,072	54,454	38,382
INSTITUTIONS				
CASH RECEIPTS	58,988	58,988	75,180	16,192
CASH DISBURSEMENTS	113,000	113,000	104,472	8,528
OTHER FINANCING SOURCES				
Operating Transfers In	20,000	20,000	20,000	0
Net Change in Fund Balance	(34,012)	(34,012)	(9,292)	24,720
Fund Balance, Beginning of Year	44,012	44,012	44,012	
Fund Balance, End of Year	10,000	10,000	34,720	24,720
DRUG LAW ENFORCEMENT				
CASH RECEIPTS	150,000	150,000	7,673	(142,327)
CASH DISBURSEMENTS	150,000	150,000	7,765	142,235
Net Change in Fund Balance	0	0	(92)	(92)
Fund Balance, Beginning of Year	7,765	7,765	7,765	
Fund Balance, End of Year	7,765	7,765	7,673	(92)

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, 2007

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
FEDERAL FORFEITURES				
CASH RECEIPTS	200,000	200,000	26,356	(173,644)
CASH DISBURSEMENTS	200,000	200,000	24,327	175,673
Net Change in Fund Balance	0	0	2,029	2,029
Fund Balance, Beginning of Year	3,652	3,652	3,652	
Fund Balance, End of Year	3,652	3,652	5,681	2,029
VICTIMS ASSISTANCE				
CASH RECEIPTS	42,000	42,000	33,958	(8,042)
CASH DISBURSEMENTS	72,951	72,951	31,968	40,983
Net Change in Fund Balance	(30,951)	(30,951)	1,990	32,941
Fund Balance, Beginning of Year	41,794	41,794	41,794	
Fund Balance, End of Year	10,843	10,843	43,784	32,941
KENO LOTTERY				
CASH RECEIPTS	57,099	57,099	105,141	48,042
CASH DISBURSEMENTS	225,100	225,100	75,209	149,891
Net Change in Fund Balance	(168,001)	(168,001)	29,932	197,933
Fund Balance, Beginning of Year	168,001	168,001	168,001	
Fund Balance, End of Year	0	0	197,933	197,933
JUVENILE FACILITY				
CASH RECEIPTS	40,000	40,000	33,787	(6,213)
CASH DISBURSEMENTS	60,000	60,000	53,787	6,213
OTHER FINANCING SOURCES				
Operating Transfers In	20,000	20,000	20,000	0
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	5,247	5,247	5,501	254
CASH DISBURSEMENTS	84,000	84,000	4,063	79,937
Net Change in Fund Balance	(78,753)	(78,753)	1,438	80,191
Fund Balance, Beginning of Year	78,753	78,753	78,753	
Fund Balance, End of Year	0	0	80,191	80,191

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, 2007

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
NOXIOUS WEED				
CASH RECEIPTS	107,434	107,434	128,282	20,848
CASH DISBURSEMENTS	309,830	309,830	258,635	51,195
OTHER FINANCING SOURCES				
Operating Transfers In	140,000	140,000	120,000	(20,000)
Net Change in Fund Balance	(62,396)	(62,396)	(10,353)	52,043
Fund Balance, Beginning of Year	64,396	64,396	64,396	
Fund Balance, End of Year	2,000	2,000	54,043	52,043
HISTORICAL SOCIETY				
CASH RECEIPTS	164	164	10	(154)
CASH DISBURSEMENTS	300	300	143	157
Net Change in Fund Balance	(136)	(136)	(133)	3
Fund Balance, Beginning of Year	136	136	136	
Fund Balance, End of Year	0	0	3	3
ROAD BOND				
CASH RECEIPTS	203,657	203,657	259,476	55,819
CASH DISBURSEMENTS	661,878	661,878	332,782	329,096
Net Change in Fund Balance	(458,221)	(458,221)	(73,306)	384,915
Fund Balance, Beginning of Year	458,221	458,221	458,221	
Fund Balance, End of Year	0	0	384,915	384,915

**SCHEDULE 5
CONCLUDED**

LINCOLN COUNTY, NEBRASKA
SCHEDULE OF OFFICE ACTIVITIES
For The Year Ended June 30, 2007

SCHEDULE 6

	<u>County Clerk</u>	<u>Register of Deeds</u>	<u>Clerk of the District Court</u>	<u>County Sheriff</u>	<u>County Attorney</u>
Balance July 1, 2006	1,905	40,783	133,109	15,718	8,446
Receipts					
Licenses and Permits	4,185				
Charges for Services	2,889	516,951	84,438	146,750	41,385
Miscellaneous			647	95,198	
State Fees			51,477		
Other Liabilities	2,535		1,911,733	177,009	57,856
Total Receipts	<u>9,609</u>	<u>516,951</u>	<u>2,048,295</u>	<u>418,957</u>	<u>99,241</u>
Disbursements					
Payments to County Treasurer	6,472	243,141	90,063	219,641	43,507
Payments to State Treasurer		264,505	53,208		
Other Liabilities	2,535		1,676,895	183,338	58,834
Total Disbursements	<u>9,007</u>	<u>507,646</u>	<u>1,820,166</u>	<u>402,979</u>	<u>102,341</u>
Balance June 30, 2007	<u><u>2,507</u></u>	<u><u>50,088</u></u>	<u><u>361,238</u></u>	<u><u>31,696</u></u>	<u><u>5,346</u></u>
BALANCE CONSISTS OF:					
Due to County Treasurer	1,507	23,743	3,194	22,209	3,732
Due to State Treasurer		26,345	4,111		
Petty Cash	1,000			2,000	1,351
Due to Others			353,933	7,487	263
Balance June 30, 2007	<u><u>2,507</u></u>	<u><u>50,088</u></u>	<u><u>361,238</u></u>	<u><u>31,696</u></u>	<u><u>5,346</u></u>

LINCOLN COUNTY, NEBRASKA
SCHEDULE OF OFFICE ACTIVITIES
For The Year Ended June 30, 2007

**SCHEDULE 6
CONCLUDED**

	<u>Noxious Weed</u>	<u>Veteran's Service Officer</u>	<u>County Drug Fund</u>	<u>Photostat Department</u>	<u>Total</u>
Balance July 1, 2006	26,662	32,819	32,805	446	292,693
Receipts					
Licenses and Permits					4,185
Charges for Services	116,095			3,268	911,776
Miscellaneous					95,845
State Fees					51,477
Other Liabilities		5,080	7,955		2,162,168
Total Receipts	<u>116,095</u>	<u>5,080</u>	<u>7,955</u>	<u>3,268</u>	<u>3,225,451</u>
Disbursements					
Payments to County Treasurer	128,170			3,505	734,499
Payments to State Treasurer					317,713
Other Liabilities		1,755	1,250		1,924,607
Total Disbursements	<u>128,170</u>	<u>1,755</u>	<u>1,250</u>	<u>3,505</u>	<u>2,976,819</u>
Balance June 30, 2007	<u>14,587</u>	<u>36,144</u>	<u>39,510</u>	<u>209</u>	<u>541,325</u>
BALANCE CONSISTS OF:					
Due to County Treasurer	14,587			209	69,181
Due to State Treasurer					30,456
Petty Cash					4,351
Due to Others		36,144	39,510		437,337
Balance June 30, 2007	<u>14,587</u>	<u>36,144</u>	<u>39,510</u>	<u>209</u>	<u>541,325</u>

LINCOLN COUNTY, NEBRASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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	97.073	2004-GE-T4-0048	18,070
State Homeland Security Program	97.073	2005-GE-T5-0020	23,055
State Homeland Security Program	97.073	2006-GE-T6-0016	68,679
Subtotal CFDA Number			<u>109,804</u>
Citizen Corps	97.053	2005-GE-T5-0020	2,784
Emergency Management Performance Grant	97.042		27,296
Buffer Zone Protection	97.078	2005-GR-T5-0023	<u>43,449</u>
Total Department of Homeland Security			<u>183,333</u>
U.S. Department of Health and Human Services:			
Passed Through Nebraska Health and Human Services:			
Child Support Enforcement	93.563	None	<u>290,157</u>
Total U.S. Department of Health and Human Services			<u>290,157</u>
Department of Transportation - National Highway Traffic Safety Administration:			
Passed Through State Department of Motor Vehicles - Office of Highway Safety:			
State and Community Highway Safety	20.600	None	<u>16,275</u>
Total Department of Transportation			<u>16,275</u>
U.S. Department of Justice			
Passed Through Nebraska Crime Commission:			
Crime Victim Assistance	16.575	06-VA-202	<u>36,665</u>
Total U.S. Department of Justice			<u>36,665</u>
Total Expenditures of Federal Awards			<u><u>526,430</u></u>

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, 2007

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 PROGRAMS:

The Citizen Corps (CFDA number 97.053), State Homeland Security Program (CFDA number 97.073), and Child Support Enforcement (CFDA number 93.563) are considered major federal programs as defined by OMB Circular A-133.

DONALD D. WILSON
Certified Public Accountant

Member American Institute Certified Public Accountants

405 Pawnee Drive
McCook, Nebraska 69001

Phone (308) 345-3070

Fax (308) 345-1675

INDEPENDENT AUDITOR'S 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, 2007, which collectively comprise the County's basic financial statements and have issued my report thereon dated December 26, 2007. 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be a significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects Lincoln County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such there is more than a remote likelihood that a misstatement of Lincoln County's financial statements that is more than inconsequential will not be prevented or detected by Lincoln County's internal control.

Independent Auditors 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*

Page 2

I consider the following deficiencies to be significant deficiencies in internal control over financial reporting:

1. Due to limited number of personnel, there is a lack of segregation of duties in the offices of the Clerk, Register of Deeds, Clerk of the District Court, Sheriff, Attorney, Noxious Weed Superintendent, Veteran's Service Officer, and the Photostat Department. To insure internal control over cash receipts, disbursements, and recording of transactions, I recommend that the county review the lack of segregation of duties with the intent of determining the cost benefit of strengthening the internal controls where possible within the budgetary limitations.
2. County Sheriff Internal Control Weaknesses. This significant deficiency was identified as finding 2007-1 in the schedule of findings and questioned costs.

A material weakness is a significant deficiency or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Lincoln County's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I consider the lack of segregation of duties described above to be a material weakness.

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, grant agreements, and other matters, 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*.

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, is not intended to be, and should not be used by anyone other than these specified parties.

Donald D. Wilson, CPA
McCook, Nebraska

December 26, 2007

DONALD D. WILSON
Certified Public Accountant

Member American Institute Certified Public Accountants

405 Pawnee Drive
McCook, Nebraska 69001

Phone (308) 345-3070

Fax (308) 345-1675

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

County Board of Commissioners
Lincoln County
North Platte, Nebraska 69101

Compliance

I have audited the compliance of Lincoln County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. 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 our 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, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The 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.

Independent Auditors Report on Compliance
With Requirements Applicable to Each Major
Program and on Internal Control Over Compliance
In Accordance with OMB Circular A-133

Page 2

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 in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, 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 control deficiency 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects Lincoln County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by Lincoln County's internal control.

A material weakness is a significant deficiency or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Lincoln County's internal control.

My consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider material weaknesses, as defined above.

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

Donald D. Wilson, CPA
McCook, Nebraska

December 26, 2007

LINCOLN COUNTY, NEBRASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

Financial Statements:

The auditors report issued an unqualified opinion on the financial statements.

Internal control over financial reporting:

- Material Weakness identified _____X_____ yes _____ no
- Significant Deficiency identified that is not
Considered a material weakness _____X_____ yes _____ none reported
- Significant Deficiency identified that is
Considered a material weakness _____X_____ yes _____ none reported
- Noncompliance material to financial statements noted _____ yes _____X_____ no

Federal Awards:

The auditors report issued an unqualified report on compliance for major programs. No audit findings were disclosed that are required to be reported in accordance with Circular A-133.

Internal control over major programs:

- Material weakness identified _____yes _____X_____ no
- Significant Deficiency identified that are not
Considered a material weakness _____yes _____X_____ none reported

Identification of Major Program:

State Homeland Security Program (CFDA Number 97.073)

Citizen Corp (CFDA number 97.053)

Child Support Enforcement (CFDA number 93.563)

The dollar threshold for distinguishing Type A and B programs was \$300,000
Lincoln County was not determined to be a low-risk auditee.

LINCOLN COUNTY, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONCLUDED)

YEAR ENDED JUNE 30, 2007

SECTION II - FINANCIAL STATEMENT FINDING

2007-1 County Sheriff Internal Control Weaknesses:

Good Internal Control requires at the close of each day the office assets (cash on hand, reconciled bank balances, and accounts receivable) must be in agreement with office liabilities (fees on hand). In addition, Good internal control requires that checks be restrictively endorsed for deposit only upon receipt of the check, and employee checks not be cashed.

During my audit, I noted that the County Sheriff's office was not reconciling the civil process fee account. The office assets in the civil process fee account exceeded liabilities by \$1,461 on October 31, 2007. A part of the liabilities as of October 31, 2007 included September 2006 Fees earned in the amount of \$5,394.17 that had not been remitted to the County Treasurer. Failure to balance the fee account result in these errors going undetected. Also, as of my cash count there were 8 checks on hand totaling \$326 that were not restrictively endorsed for deposit only, and two employee checks totaling \$45 that were written for cash. These practices increase the risk of loss, theft, or misuse of county funds.

I recommend the County Sheriff balance the civil process fee assets to liabilities. In addition, I recommend that all checks be restrictively endorsed for deposit only upon receipt, and checks not be cashed.

Officials Response: None Received

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

LINCOLN COUNTY, NEBRASKA
COMMENTS ON RESOLUTION OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2007

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