

**AUDIT REPORT
OF
GARFIELD COUNTY**

JULY 1, 2018, THROUGH JUNE 30, 2019

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the Auditor of Public Accounts.**

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Issued on August 30, 2019

GARFIELD COUNTY

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GARFIELD COUNTY
250 S. 8th
Burwell, NE 68823

LIST OF COUNTY OFFICIALS
At June 30, 2019

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	Lee Jeffres	Jan. 2023
	Scott Krause	Jan. 2023
	Diana Hurlburt	Jan. 2021
Assessor Planning and Zoning	Kali Swett	Jan. 2023
Attorney	Dale Crandall	Jan. 2023
Clerk Election Commissioner Register of Deeds Clerk of the District Court	Keri Koenigsberg	Jan. 2023
Sheriff Emergency Manager	Larry Donner	Jan. 2023
Treasurer	Linda Thoene	Jan. 2023
Veterans' Service Officer	Timothy Rowse	Appointed
Weed Superintendent	Jimmy Petersen	Appointed
Highway Superintendent	Gary Kinney	Appointed
Surveyor	Steven Rasmussen	Appointed



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GARFIELD COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Garfield County, Nebraska

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Garfield County, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and aggregate remaining fund information of Garfield County as of June 30, 2019, and the respective changes in cash-basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Emphasis of Matters – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole, which collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, pages 18-28, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2019, on our consideration of Garfield County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Garfield County's internal control over financial reporting and compliance.

August 29, 2019



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

GARFIELD COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2019

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 979,598
TOTAL ASSETS	\$ 979,598
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 27,762
Library	9,024
Preservation of Records	2,931
Road Maintenance	132,135
Unrestricted	807,746
TOTAL NET POSITION	\$ 979,598

The notes to the financial statements are an integral part of this statement.

GARFIELD COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS

For the Year Ended June 30, 2019

Functions:	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ (988,091)	\$ 82,318	\$ 14,063	\$ (891,710)
Public Safety	(246,726)	5,084	-	(241,642)
Public Works	(1,027,009)	-	423,459	(603,550)
Public Assistance	(13,163)	-	-	(13,163)
Culture and Recreation	(82,573)	-	872	(81,701)
Total Governmental Activities	<u>\$ (2,357,562)</u>	<u>\$ 87,402</u>	<u>\$ 438,394</u>	<u>(1,831,766)</u>
General Receipts:				
Property Taxes				1,361,264
Grants and Contributions Not Restricted to Specific Programs				136,964
Investment Income				1,037
Licenses and Permits				9,279
Miscellaneous				36,924
Total General Receipts				<u>1,545,468</u>
Increase in Net Position				(286,298)
Net Position - Beginning of year				1,265,896
Net Position - End of year				<u>\$ 979,598</u>

The notes to the financial statements are an integral part of this statement.

GARFIELD COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
June 30, 2019

	<u>General Fund</u>	<u>Road Fund</u>	<u>Inheritance Fund</u>	<u>Disaster Fund</u>	<u>Highway Street Buyback Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and Cash Equivalents (Note 1.D)	\$ 18,799	\$ 1,381	\$ 360,566	\$ 422,237	\$ 98,025	\$ 78,590	\$ 979,598
TOTAL ASSETS	<u>\$ 18,799</u>	<u>\$ 1,381</u>	<u>\$ 360,566</u>	<u>\$ 422,237</u>	<u>\$ 98,025</u>	<u>\$ 78,590</u>	<u>\$ 979,598</u>
FUND BALANCES							
Restricted for:							
Visitor Promotion	-	-	-	-	-	27,762	27,762
Library	-	-	-	-	-	9,024	9,024
Preservation of Records	-	-	-	-	-	2,931	2,931
Road Maintenance	-	-	-	-	98,025	34,110	132,135
Committed to:							
Law Enforcement	-	-	-	-	-	3,120	3,120
Road Maintenance	-	1,381	-	-	-	-	1,381
Disaster Recovery	-	-	-	422,237	-	-	422,237
Planning and Zoning	-	-	-	-	-	1,643	1,643
Assigned to:							
Other Purposes	-	-	360,566	-	-	-	360,566
Unassigned	18,799	-	-	-	-	-	18,799
TOTAL CASH BASIS FUND BALANCES	<u>\$ 18,799</u>	<u>\$ 1,381</u>	<u>\$ 360,566</u>	<u>\$ 422,237</u>	<u>\$ 98,025</u>	<u>\$ 78,590</u>	<u>\$ 979,598</u>

The notes to the financial statements are an integral part of this statement.

GARFIELD COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	General Fund	Road Fund	Inheritance Fund	Disaster Fund	Highway Street Buyback Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS							
Property Taxes	\$ 1,169,731	\$ -	\$ 125,127	\$ -	\$ -	\$ 66,406	\$ 1,361,264
Licenses and Permits	7,889	-	-	-	-	1,390	9,279
Investment Income	1,037	-	-	-	-	-	1,037
Intergovernmental	146,832	383,348	-	-	33,656	11,522	575,358
Charges for Services	85,304	-	-	-	-	2,098	87,402
Miscellaneous	7,325	28,884	-	-	-	715	36,924
TOTAL RECEIPTS	<u>1,418,118</u>	<u>412,232</u>	<u>125,127</u>	<u>-</u>	<u>33,656</u>	<u>82,131</u>	<u>2,071,264</u>
DISBURSEMENTS							
General Government	968,837	-	-	-	-	19,254	988,091
Public Safety	246,726	-	-	-	-	-	246,726
Public Works	49,008	900,238	-	77,763	-	-	1,027,009
Public Assistance	13,163	-	-	-	-	-	13,163
Culture and Recreation	-	-	-	-	-	82,573	82,573
TOTAL DISBURSEMENTS	<u>1,277,734</u>	<u>900,238</u>	<u>-</u>	<u>77,763</u>	<u>-</u>	<u>101,827</u>	<u>2,357,562</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>140,384</u>	<u>(488,006)</u>	<u>125,127</u>	<u>(77,763)</u>	<u>33,656</u>	<u>(19,696)</u>	<u>(286,298)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	245,930	293,000	69,930	500,000	-	18,400	1,127,260
Transfers out	(381,330)	-	(676,000)	-	-	(69,930)	(1,127,260)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(135,400)</u>	<u>293,000</u>	<u>(606,070)</u>	<u>500,000</u>	<u>-</u>	<u>(51,530)</u>	<u>-</u>
Net Change in Fund Balances	4,984	(195,006)	(480,943)	422,237	33,656	(71,226)	(286,298)
CASH BASIS FUND BALANCES - BEGINNING	<u>13,815</u>	<u>196,387</u>	<u>841,509</u>	<u>-</u>	<u>64,369</u>	<u>149,816</u>	<u>1,265,896</u>
CASH BASIS FUND BALANCES - ENDING	<u>\$ 18,799</u>	<u>\$ 1,381</u>	<u>\$ 360,566</u>	<u>\$ 422,237</u>	<u>\$ 98,025</u>	<u>\$ 78,590</u>	<u>\$ 979,598</u>

The notes to the financial statements are an integral part of this statement.

GARFIELD COUNTY
STATEMENT OF CASH BASIS NET POSITION
FIDUCIARY FUNDS
June 30, 2019

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 104,033
 LIABILITIES	
Due to other governments	
State	28,176
Schools	51,811
Educational Service Units	771
Technical College	5,337
Natural Resource Districts	1,656
Fire Districts	1,082
Municipalities	10,491
Agricultural Society	567
Others	4,142
TOTAL LIABILITIES	104,033
 TOTAL NET ASSETS	 \$ -

The notes to the financial statements are an integral part of this statement.

GARFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2019

1. **Summary of Significant Accounting Policies**

The following is a summary of the significant accounting policies utilized in the accounting system of Garfield County.

A. Reporting Entity

Garfield County, Nebraska, (County) is a governmental entity established under and governed by the laws of the State of Nebraska (State). The County is managed by county officials who are elected on a political ballot for four-year terms. As a political subdivision of the State, the County is exempt from State and Federal income taxes. The financial statements include all funds of the County that are not legally separate. The County has also considered all potential component units for which it is financially accountable, as well as other organizations that are either fiscally dependent on the County or maintain a significant relationship with the County, such that exclusion would be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include 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 financial benefits to, or impose specific financial burdens on, the County. The County is also considered financially accountable if an organization is fiscally dependent on and there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

As required by Generally Accepted Accounting Principles (GAAP), these financial statements present the County (the primary government). No component units were identified.

Joint Organization.

Behavioral Health Region III – The County has entered into an agreement with surrounding counties and the Nebraska Department of Health and Human Services to provide services to carry out the provisions of the Nebraska Behavioral Health Services Act (Act). Agreements were established under the authority of the Interlocal Cooperation Act for services to be provided under the Act. Region III (Region) consists of the following counties: Blaine, Loup, Garfield, Wheeler, Custer, Valley, Greeley, Sherman, Howard, Buffalo, Hall, Phelps, Kearney, Adams, Clay, Furnas, Harlan, Hamilton, Merrick, Franklin, Webster, and Nuckolls.

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$5,145 toward the operation of the Region during fiscal year 2019. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Department of Health and Human Services requires the Region to be audited annually in accordance with State statute. Financial information for the Region is available in those audit reports.

GARFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies** (Continued)

Health Department – The County has entered into an agreement with the Loup Basin Public Health Department (Department) to provide public health services. The agreement was established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636 (Reissue 2009, Cum. Supp. 2018).

The Department’s governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. The County did not contribute toward the operation of the Department during fiscal year 2019. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Cum. Supp. 2018). Financial information for the Department is available in that report.

Emergency 911 Region – The County has entered into an agreement with surrounding counties to provide emergency 911 services. The agreement was established under the authority of the Interlocal Cooperation Act and is known as Region 26 Council (Region 26). Member entities include: the City of Ord and Blaine, Loup, Garfield, Greeley, Sherman, Thomas, Valley, and Wheeler counties in central Nebraska.

The governing board of Region 26 includes representatives from the participating entity governing bodies. Each entity contributes to the financial support of Region 26 based on formulas developed by the Region 26 governing board. Garfield County contributed \$64,291 during fiscal year 2019. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement.

B. Basis of Presentation

Government-Wide Financial Statements. The Statement of Net Position - Cash Basis and Statement of Activities - Cash Basis display information about the activities of the County and are in the format of government-wide statements, as required by GASB Statement Number 34. These statements include all the financial activities of the County, except for fiduciary activities. Internal activities in these statements were considered immaterial and have not been eliminated. Governmental Generally Accepted Accounting Principles (GAAP) requires internal activity to be eliminated to minimize double counting. The County reports governmental activities only. Governmental activities are generally financed through taxes, intergovernmental receipts, and other nonexchange transactions. The Statement of Net Position presents the County’s non-fiduciary assets in two categories:

Restricted. This category results when constraints are externally imposed on net asset use by creditors, grantors, or contributors, or imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the County’s policy to use restricted resources first, then the unrestricted resources as they are needed.

GARFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies** (Continued)

Unrestricted. This category represents resources that do not meet the definition of the preceding category. Unrestricted resources often have constraints on resources that are imposed by management, but those constraints can be removed or modified.

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

Fund Financial Statements. The fund financial statements provide information about the County's funds, including its fiduciary funds. GAAP requires separate statements by fund category – governmental, proprietary, and fiduciary. The County uses only the governmental and fiduciary fund categories. The County Board is the highest level of decision-making authority and has the authority, by resolution, to establish, modify, or rescind the commitment or assignment of a fund balance to a specific purpose. When resources for a specific purpose are available in more than one fund balance classification, the County's policy is to use resources in the following order: restricted, committed, assigned, and unassigned. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for financial resources of the general government, except those required to be accounted for in another fund.

Road Fund. This fund is used to account for costs associated with the repair and maintenance of roads and bridges and is primarily funded by State tax receipts.

Inheritance Fund. This fund is used to account for the receipts generated from inheritance taxes and is used for various projects.

Disaster Fund. This fund is used to account for costs related to repairs to roads, bridges, and other infrastructure in the County caused by natural disasters and is funded by transfers from the Inheritance Fund. It is anticipated these costs will be reimbursed by FEMA.

Highway Street Buyback Fund. This fund is used to account for costs associated with repair and maintenance of special road projects and is funded by State receipts.

GARFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies** (Continued)

The County reports the following additional non-major governmental fund types:

Special Revenue Funds. These funds account for the proceeds from a specific receipt source that is restricted to disbursements for a specified purpose.

Agency Funds. These funds account for assets held by the County as an agent for various local governments.

The County designates fund balances as follows:

Restricted. The fund balance is restricted by external impositions, such as creditors, grantors, or laws or regulations of other governments.

Committed. The fund balance has been designated by the County Board for a specific purpose.

Assigned. The fund balance has not been designated by the County Board for a specific purpose, but it has been separated based on the type of revenue.

Unassigned. This portion of the General Fund is not restricted, committed, or assigned for a specific purpose.

C. **Measurement Focus, Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The accounting records of the County are maintained and the government-wide financial statements were reported on the basis of cash receipts and disbursements. As such, the measurement focus includes only those assets and fund balances arising from cash transactions on the Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis. Receipts are recognized when received, and disbursements are recognized when warrants are paid. This differs from governmental GAAP, which requires the government-wide and fiduciary fund financial statements to be reported using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus and basis of accounting, receipts are recorded when earned, and disbursements are recorded when a liability is incurred, regardless of the timing of related cash flows.

The governmental fund financial statements were also reported on the cash receipt and disbursement basis of accounting. As such, the same measurement focus and basis of accounting were used, as described above. This differs from governmental GAAP, which requires governmental fund financial statements to be reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this measurement focus and basis of accounting, receipts are recognized as soon as they are both measurable and available. Receipts are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Disbursements are generally recorded when a liability is incurred, as under accrual accounting. However, disbursements related to compensated absences and claims and judgments are recorded only when payment is due.

GARFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies** (Continued)

D. Assets and Net Position

Cash and Cash Equivalents. The County's cash and cash equivalents are considered to be cash on hand and demand deposits.

Investments. The types of investments in which the County is authorized to invest funds are enumerated in Neb. Rev. Stat. § 77-2315, § 77-2340, and § 77-2341 (Reissue 2018) and generally include U.S. Government obligations, certificates of deposit, and time deposits and securities, which are authorized by the Nebraska Investment Council.

Capital Assets. Under the cash receipts and disbursements basis of accounting, capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as disbursements in governmental funds. GAAP requires capital assets, which would include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), to be reported in the applicable governmental activities columns in the government-wide financial statements.

Depreciation expenses on capital assets were not recorded on the cash basis financial statements. Under GAAP, depreciation expenses would be recorded in the Statement of Activities. The cost of normal maintenance and repairs that does not add to the value of the asset or extend asset life is not capitalized.

Compensated Absences. Vested or accumulated vacation leave that is liquidated with expendable available financial resources is reported as a disbursement of the County funds as paid. Upon termination, employees are paid for any unused vacation. Under the receipts and disbursements basis of accounting, the liabilities for compensated absences are not reported since they do not represent liabilities arising from cash transactions. Under GAAP, the compensated absences liability would be reported in the government-wide financial statements and would be recorded in accordance with the County's policy, which is to recognize the expense and accrued liability when vacation and compensatory leave is earned.

Restricted Net Position. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$171,852 of restricted net position, which is fully restricted by enabling legislation.

Budgetary Process. The County adopts an annual budget in accordance with the statutory requirements of the Nebraska Budget Act. The budget is prepared on the cash receipts and disbursements basis of accounting. The budget contains only those receipts actually received by the County Treasurer. The County does not utilize an encumbrance accounting system. All appropriated spending authority lapses at the end of the fiscal year.

GARFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies** (Concluded)

On or before August 1, the County budget-making authority prepares and transmits a budget for each County fund to the County Board. The budget includes the requirements, the outstanding warrants, the operating reserves to be maintained, the cash on hand at the close of the preceding fiscal year, the receipts from sources other than taxation, and the amount to be raised by taxation. The County Board must hold at least one public hearing on the proposed budget. On or before September 20, the County Board adopts the budget and appropriates the amounts specified in the budget for the departments, offices, activities, and funds of the County.

The County Board is authorized to transfer budgeted amounts between departments within any fund through resolution; however, if revisions are made that alter the total disbursements of any fund, an additional public hearing must be held. The legal level of budgetary control for the General Fund is at the function level, and the special revenue fund types are at the fund level. The County Board is also authorized to budget for the transfer of money between County funds.

Excess of Disbursements Over Appropriations. For the year ended June 30, 2019, disbursements exceeded budgeted appropriations in the County Board function of the General Fund by \$139. These over-expenditures were funded by the available fund balance in the General Fund.

2. **Deposits and Investments**

The County has generally pooled the cash resources of the various funds for investment purposes. Interest earned on pooled funds is credited to the County General Fund in accordance with Neb. Rev. Stat. § 77-2315 (Reissue 2018).

At year end, the County's carrying amount of deposits was \$979,598 for County funds and \$104,033 for Fiduciary funds. The bank balances for all funds totaled \$1,081,451. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2019, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

3. **Property Taxes**

Property taxes are levied by the County Board on or before October 15 of each year for all political subdivisions in the County. Real estate and personal property taxes are due and attach as an enforceable lien on January 1 following the levy date, and they become delinquent in two equal installments on May 1 and September 1. 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 other than the payment of principal and interest on bonded debt. Counties may levy taxes in addition to the 50-cent limitation upon a vote of the people.

GARFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Property Taxes** (Concluded)

The levy set in October 2018, for the 2018 taxes, which will be materially collected in May and September 2019, was set at \$.275336/\$100 of assessed valuation. The levy set in October 2017, for the 2017 taxes, which were materially collected in May and September 2018, was set at \$.275467/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

Additionally, there is currently a statutory lid limitation, which limits taxation to the prior year's level, with provisions for growth. The lid may be increased by 1% upon the approval of a three-fourths majority of the County Board.

4. **Retirement System**

The Retirement System for Nebraska Counties (Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2012, Cum. Supp. 2018) and may be amended through legislative action.

Participation in the Plan is required of all full-time employees. Part-time (working less than one-half of the regularly scheduled hours) employees may elect voluntary participation upon reaching age 18. Part-time elected officials may exercise the option to join.

County employees and elected officials contribute 4.5% of their total compensation. In addition, the County contributes an amount equal to 150% of the employee's contribution. The contribution rates are established by § 23-2307 and § 23-2308 and may be amended through legislative action. The employee's and employer's contributions are kept in separate accounts. The employee's account is fully vested. The employer's account is fully vested after three years of participation in the system or credit for participation in another governmental plan prior to actual contribution to the Plan. Non-vested County contributions are forfeited upon termination. Forfeitures are used to cover a portion of the pension plan's administrative expenses. Prior service benefits are paid directly by the County to the retired employee. The Plan's financial statements, including pension costs and obligations, are audited annually and can be obtained from the State of Nebraska Public Employees Retirement System.

A supplemental retirement plan was established on January 1, 2003, for the benefit of all present and future commissioned law enforcement personnel employed by the County. Employees contribute 1% of their salary, and the County contributes an amount equal to 100% of the employee's contribution. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings.

For the year ended June 30, 2019, 24 employees contributed \$33,164, and the County contributed \$49,265. Contributions included \$960 in cash contributions towards the supplemental law enforcement plan for two law enforcement employees.

GARFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. Risk Management

The County is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association (NIRMA), a public entity risk pool currently operating as a common risk management and insurance program for 96 counties and local governments throughout Nebraska.

The County pays an annual deposit premium, as calculated by the administrator of the pool. The premium is based on the losses and exposures of each County and the entire pool. If the pool becomes insolvent or otherwise unable to discharge its legal liabilities and obligations, the County may be assessed for an additional contribution. Each county remains liable for such assessments, regardless of such county's withdrawal from participation or the termination of the agreement, as well as for liabilities of the pool incurred during such county's period of membership.

The agreement with NIRMA requires the risk pool to provide coverage for up to a maximum amount per occurrence and purchase commercial insurance for claims in excess of coverage provided. In the event of a liability exceeding the commercial insurance, the County would be responsible for funding the excess amount.

	NIRMA Coverage	Maximum Coverage
General Liability Claim	\$ 300,000	\$ 5,000,000
Workers' Compensation Claim	\$ 550,000	Statutory Limits
Property Damage Claim	\$ 250,000	Insured Value at Replacement Cost

The County has not paid any additional assessments to the pool or paid out any amounts that exceeded coverage provided by the pool in the last three fiscal years. There were no significant reductions in insurance coverage from the prior year coverage.

6. Interfund Transfers

Interfund transfers for the year ended June 30, 2019, consisted of the following:

Transfers to	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
Road Fund	\$ 293,000	\$ -	\$ -	\$ 293,000
Inheritance Fund	69,930	-	-	69,930
General Fund	-	176,000	69,930	245,930
Disaster Fund	-	500,000	-	500,000
Nonmajor Funds	18,400	-	-	18,400
Total	\$ 381,330	\$ 676,000	\$ 69,930	\$ 1,127,260

GARFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

6. Interfund Transfers (Concluded)

Transfers are used to move unrestricted receipts collected in the General Fund and Inheritance Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

In the year ended June 30, 2019, the County made a one-time transfer of \$69,930 from the Child Support Incentive Fund to the General Fund to close the fund and transfer the remaining balance to the General Fund. This balance was subsequently transferred to the Inheritance Fund from the General Fund.

7. Capital Leases Payable

Changes to the commitments under a lease agreement for equipment and amounts to provide for annual rental payments are as follows:

	Road Equipment	Sheriff Vehicle	Total
Balance July 1, 2018	\$ 235,808	\$ 2,128	\$ 237,936
Purchases	-	-	-
Payments	69,160	2,128	71,288
Balance June 30, 2019	\$ 166,648	\$ -	\$ 166,648
Future Payments:			
Year			
2020	\$ 27,071	\$ -	\$ 27,071
2021	27,071	-	27,071
2022	27,071	-	27,071
2023	27,072	-	27,072
2024	27,072	-	27,072
2025-2029	54,143	-	54,143
Total Payments	189,500	-	189,500
Less Interest	22,852	-	22,852
Present Value of Future Minimum Lease Payments	\$ 166,648	\$ -	\$ 166,648
Carrying Value of the Related Fixed Asset	\$ 419,320	\$ 24,358	\$ 443,678

8. Contingent Liabilities

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, the County Attorney believes the resolution of these matters will not have a materially adverse effect on the financial condition of the County.

GARFIELD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 1,273,027	\$ 1,273,027	\$ 1,169,731	\$ (103,296)
Licenses and Permits	8,558	8,558	7,889	(669)
Interest	1,900	1,900	1,037	(863)
Intergovernmental	38,352	38,352	146,832	108,480
Charges for Services	116,650	116,650	85,304	(31,346)
Miscellaneous	10,125	10,125	7,325	(2,800)
TOTAL RECEIPTS	<u>1,448,612</u>	<u>1,448,612</u>	<u>1,418,118</u>	<u>(30,494)</u>
DISBURSEMENTS				
General Government:				
County Board	47,910	47,910	48,049	(139)
County Clerk	105,700	105,700	93,831	11,869
County Treasurer	100,300	100,300	98,068	2,232
County Assessor	142,550	142,550	120,538	22,012
Election Commissioner	15,550	15,550	8,838	6,712
Clerk of the District Court	36,365	36,365	10,103	26,262
County Court System	12,455	12,455	3,305	9,150
Building and Grounds	129,500	129,500	62,454	67,046
Reappraisal	42,000	42,000	21,000	21,000
Agricultural Extension Agent	30,804	30,804	30,804	-
Miscellaneous	620,264	620,264	471,847	148,417
Public Safety				
County Sheriff	167,860	167,860	160,512	7,348
County Attorney	84,150	84,150	78,586	5,564
County Jail	52,000	52,000	7,628	44,372
Public Works				
Noxious Weed Control	89,700	89,700	49,008	40,692
Public Assistance				
Veterans' Service Officer	14,170	14,170	13,163	1,007
TOTAL DISBURSEMENTS	<u>1,691,278</u>	<u>1,691,278</u>	<u>1,277,734</u>	<u>413,544</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(242,666)</u>	<u>(242,666)</u>	<u>140,384</u>	<u>383,050</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,019,930	1,019,930	245,930	(774,000)
Transfers out	(725,000)	(725,000)	(381,330)	343,670
TOTAL OTHER FINANCING SOURCES (USES)	<u>294,930</u>	<u>294,930</u>	<u>(135,400)</u>	<u>(430,330)</u>
Net Change in Fund Balance	52,264	52,264	4,984	(47,280)
FUND BALANCE - BEGINNING	<u>13,815</u>	<u>13,815</u>	<u>13,815</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 66,079</u>	<u>\$ 66,079</u>	<u>\$ 18,799</u>	<u>\$ (47,280)</u>

GARFIELD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 370,710	\$ 370,710	\$ 383,348	\$ 12,638
Charges for Services	2,400	2,400	-	(2,400)
Miscellaneous	51,600	51,600	28,884	(22,716)
TOTAL RECEIPTS	424,710	424,710	412,232	(12,478)
DISBURSEMENTS	1,105,481	1,105,481	900,238	205,243
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(680,771)	(680,771)	(488,006)	192,765
OTHER FINANCING SOURCES (USES)				
Transfers in	677,000	677,000	293,000	(384,000)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	677,000	677,000	293,000	(384,000)
Net Change in Fund Balance	(3,771)	(3,771)	(195,006)	(191,235)
FUND BALANCE - BEGINNING	196,387	196,387	196,387	-
FUND BALANCE - ENDING	<u>\$ 192,616</u>	<u>\$ 192,616</u>	<u>\$ 1,381</u>	<u>\$ (191,235)</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 108,491	\$ 108,491	\$ 125,127	\$ 16,636
TOTAL RECEIPTS	108,491	108,491	125,127	16,636
DISBURSEMENTS	-	-	-	-
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	108,491	108,491	125,127	16,636
OTHER FINANCING SOURCES (USES)				
Transfers in	69,930	69,930	69,930	-
Transfers out	(1,019,930)	(1,019,930)	(676,000)	343,930
TOTAL OTHER FINANCING SOURCES (USES)	(950,000)	(950,000)	(606,070)	343,930
Net Change in Fund Balance	(841,509)	(841,509)	(480,943)	360,566
FUND BALANCE - BEGINNING	841,509	841,509	841,509	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 360,566</u>	<u>\$ 360,566</u>

(Continued)

GARFIELD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DISASTER FUND				
RECEIPTS				
Intergovernmental	\$ -	\$ 500,000	\$ -	\$ (500,000)
TOTAL RECEIPTS	-	500,000	-	(500,000)
DISBURSEMENTS	-	500,000	77,763	422,237
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	-	-	(77,763)	(77,763)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	500,000	500,000
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	500,000	500,000
Net Change in Fund Balance	-	-	422,237	422,237
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 422,237	\$ 422,237
HIGHWAY STREET BUYBACK FUND				
RECEIPTS				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Interest	-	-	-	-
Intergovernmental	33,655	33,655	33,656	1
Charges for Services	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL RECEIPTS	33,655	33,655	33,656	1
DISBURSEMENTS	98,024	98,024	-	98,024
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(64,369)	(64,369)	33,656	98,025
Net Change in Fund Balance	(64,369)	(64,369)	33,656	98,025
FUND BALANCE - BEGINNING	64,369	64,369	64,369	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 98,025	\$ 98,025

(Concluded)

GARFIELD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
HIGHWAY BRIDGE BUYBACK FUND				
Receipts	\$ 6,455	\$ 6,455	\$ 6,455	\$ -
Disbursements	(34,110)	(34,110)	-	34,110
Net Change in Fund Balance	(27,655)	(27,655)	6,455	34,110
Fund Balance - Beginning	27,655	27,655	27,655	-
Fund Balance - Ending	\$ -	\$ -	\$ 34,110	\$ 34,110

GEOGRAPHICAL INFORMATION				
SYSTEM FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(20,000)	(20,000)	(8,400)	11,600
Transfers in	20,000	20,000	8,400	(11,600)
Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

PLANNING & ZONING FUND				
Receipts	\$ 800	\$ 800	\$ 1,390	\$ 590
Disbursements	(26,725)	(26,725)	(10,854)	15,871
Transfers in	25,000	25,000	10,000	(15,000)
Transfers out	-	-	-	-
Net Change in Fund Balance	(925)	(925)	536	1,461
Fund Balance - Beginning	1,107	1,107	1,107	-
Fund Balance - Ending	\$ 182	\$ 182	\$ 1,643	\$ 1,461

CHILD SUPPORT ENFORCEMENT FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(69,930)	(69,930)	(69,930)	-
Net Change in Fund Balance	(69,930)	(69,930)	(69,930)	-
Fund Balance - Beginning	69,930	69,930	69,930	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

(Continued)

GARFIELD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VISITOR'S PROMOTION FUND				
Receipts	\$ 15,000	\$ 15,000	\$ 12,190	\$ (2,810)
Disbursements	(24,120)	(24,120)	(11,714)	12,406
Net Change in Fund Balance	(9,120)	(9,120)	476	9,596
Fund Balance - Beginning	20,147	20,147	20,147	-
Fund Balance - Ending	<u>\$ 11,027</u>	<u>\$ 11,027</u>	<u>\$ 20,623</u>	<u>\$ 9,596</u>
VISITOR'S IMPROVEMENT FUND				
Receipts	\$ 17,500	\$ 17,500	\$ 11,810	\$ (5,690)
Disbursements	(22,100)	(22,100)	(17,263)	4,837
Net Change in Fund Balance	(4,600)	(4,600)	(5,453)	(853)
Fund Balance - Beginning	12,592	12,592	12,592	-
Fund Balance - Ending	<u>\$ 7,992</u>	<u>\$ 7,992</u>	<u>\$ 7,139</u>	<u>\$ (853)</u>
PRESERVATION & MODERNIZATION FUND				
Receipts	\$ 3,567	\$ 3,567	\$ 1,498	\$ (2,069)
Disbursements	(5,000)	(5,000)	-	5,000
Net Change in Fund Balance	(1,433)	(1,433)	1,498	2,931
Fund Balance - Beginning	1,433	1,433	1,433	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,931</u>	<u>\$ 2,931</u>
LIBRARY FUND				
Receipts	\$ 46,160	\$ 46,160	\$ 47,316	\$ 1,156
Disbursements	(53,812)	(53,812)	(53,596)	216
Net Change in Fund Balance	(7,652)	(7,652)	(6,280)	1,372
Fund Balance - Beginning	14,152	14,152	14,152	-
Fund Balance - Ending	<u>\$ 6,500</u>	<u>\$ 6,500</u>	<u>\$ 7,872</u>	<u>\$ 1,372</u>
LIBRARY MEMORIAL FUND				
Receipts	\$ 3,000	\$ 3,000	\$ -	\$ (3,000)
Disbursements	(3,032)	(3,032)	-	3,032
Net Change in Fund Balance	(32)	(32)	-	32
Fund Balance - Beginning	32	32	32	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32</u>	<u>\$ 32</u>

(Continued)

GARFIELD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
LIBRARY GRANT FUND				
Receipts	\$ 50,000	\$ 50,000	\$ 872	\$ (49,128)
Disbursements	(50,248)	(50,248)	-	50,248
Net Change in Fund Balance	(248)	(248)	872	1,120
Fund Balance - Beginning	248	248	248	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,120</u>	<u>\$ 1,120</u>
STOP PROGRAM FUND				
Receipts	\$ 3,000	\$ 3,000	\$ 600	\$ (2,400)
Disbursements	(5,520)	(5,520)	-	5,520
Net Change in Fund Balance	(2,520)	(2,520)	600	3,120
Fund Balance - Beginning	2,520	2,520	2,520	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,120</u>	<u>\$ 3,120</u>
DRUG LAW ENFORCEMENT GRANT FUND				
Receipts	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Disbursements	(1,000)	(1,000)	-	1,000
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LAW ENFORCEMENT GRANTS FUND				
Receipts	\$ 5,500	\$ 5,500	\$ -	\$ (5,500)
Disbursements	(5,500)	(5,500)	-	5,500
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
MISCELLANEOUS GRANTS FUND				
Receipts	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)
Disbursements	(100,000)	(100,000)	-	100,000
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

GARFIELD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>JUVENILE SERVICES AID FUND</u>				
Receipts	\$ 30,000	\$ 30,000	\$ -	\$ (30,000)
Disbursements	(30,000)	(30,000)	-	30,000
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>COUNTY VISITOR'S BUREAU GRANT FUND</u>				
Receipts	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Disbursements	(10,000)	(10,000)	-	10,000
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>HANDICAPPED ACCESSIBILITY FUND</u>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(3,000)	(3,000)	-	3,000
Transfers in	3,000	3,000	-	(3,000)
Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Concluded)

GARFIELD COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	Highway Bridge Buyback Fund	Geographical Information System Fund	Planning & Zoning Fund	Child Support Enforcement Fund	Visitor's Promotion Fund	Visitor's Improvement Fund
RECEIPTS						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 11,810	\$ 11,810
Licenses and Permits	-	-	1,390	-	-	-
Intergovernmental	6,455	-	-	-	-	-
Charges for Services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	380	-
TOTAL RECEIPTS	<u>6,455</u>	<u>-</u>	<u>1,390</u>	<u>-</u>	<u>12,190</u>	<u>11,810</u>
DISBURSEMENTS						
General Government	-	8,400	10,854	-	-	-
Culture and Recreation	-	-	-	-	11,714	17,263
TOTAL DISBURSEMENTS	<u>-</u>	<u>8,400</u>	<u>10,854</u>	<u>-</u>	<u>11,714</u>	<u>17,263</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>6,455</u>	<u>(8,400)</u>	<u>(9,464)</u>	<u>-</u>	<u>476</u>	<u>(5,453)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	8,400	10,000	-	-	-
Transfers out	-	-	-	(69,930)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>8,400</u>	<u>10,000</u>	<u>(69,930)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	6,455	-	536	(69,930)	476	(5,453)
FUND BALANCES - BEGINNING	<u>27,655</u>	<u>-</u>	<u>1,107</u>	<u>69,930</u>	<u>20,147</u>	<u>12,592</u>
FUND BALANCES - ENDING	<u>\$ 34,110</u>	<u>\$ -</u>	<u>\$ 1,643</u>	<u>\$ -</u>	<u>\$ 20,623</u>	<u>\$ 7,139</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	20,623	7,139
Library	-	-	-	-	-	-
Preservation of Records	-	-	-	-	-	-
Road Maintenance	34,110	-	-	-	-	-
Committed to:						
Law Enforcement	-	-	-	-	-	-
Planning and Zoning	-	-	1,643	-	-	-
TOTAL FUND BALANCES	<u>\$ 34,110</u>	<u>\$ -</u>	<u>\$ 1,643</u>	<u>\$ -</u>	<u>\$ 20,623</u>	<u>\$ 7,139</u>

(Continued)

GARFIELD COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	Preservation & Modernization Fund	Library Fund	Library Memorial Fund	Library Grant Fund	STOP Program Fund	Total Nonmajor Governmental Funds
RECEIPTS						
Property Taxes	\$ -	\$42,786	\$ -	\$ -	\$ -	\$ 66,406
Licenses and Permits	-	-	-	-	-	1,390
Intergovernmental	-	4,195	-	872	-	11,522
Charges for Services	1,498	-	-	-	600	2,098
Miscellaneous	-	335	-	-	-	715
TOTAL RECEIPTS	<u>1,498</u>	<u>47,316</u>	<u>-</u>	<u>872</u>	<u>600</u>	<u>82,131</u>
DISBURSEMENTS						
General Government	-	-	-	-	-	19,254
Culture and Recreation	-	53,596	-	-	-	82,573
TOTAL DISBURSEMENTS	<u>-</u>	<u>53,596</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,827</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,498</u>	<u>(6,280)</u>	<u>-</u>	<u>872</u>	<u>600</u>	<u>(19,696)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	18,400
Transfers out	-	-	-	-	-	(69,930)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(51,530)</u>
Net Change in Fund Balances	1,498	(6,280)	-	872	600	(71,226)
FUND BALANCES - BEGINNING	<u>1,433</u>	<u>14,152</u>	<u>32</u>	<u>248</u>	<u>2,520</u>	<u>149,816</u>
FUND BALANCES - ENDING	<u>\$ 2,931</u>	<u>\$ 7,872</u>	<u>\$ 32</u>	<u>\$ 1,120</u>	<u>\$ 3,120</u>	<u>\$ 78,590</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	27,762
Library	-	7,872	32	1,120	-	9,024
Preservation of Records	2,931	-	-	-	-	2,931
Road Maintenance	-	-	-	-	-	34,110
Committed to:						
Law Enforcement	-	-	-	-	3,120	3,120
Planning and Zoning	-	-	-	-	-	1,643
TOTAL FUND BALANCES	<u>\$ 2,931</u>	<u>\$ 7,872</u>	<u>\$ 32</u>	<u>\$ 1,120</u>	<u>\$ 3,120</u>	<u>\$ 78,590</u>

(Concluded)

GARFIELD COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2019

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	County Library	Veterans' Service Officer	County Assessor	County Treasurer	Total
BALANCES JULY 1, 2018	\$ 8,039	\$ 9,401	\$ 2,303	\$ -	\$ 78	\$ 2,443	\$ 50	\$ 50	\$ 22,364
RECEIPTS									
Property Taxes	-	-	-	-	-	-	-	-	-
Licenses and Permits	250	-	210	-	-	-	-	-	460
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for Services	14,335	1,465	2,467	80	249	-	-	-	18,596
Miscellaneous	48	-	-	-	951	-	45	43	1,087
State Fees	17,128	2,498	-	-	-	-	-	-	19,626
Other Liabilities	450	27,710	3,436	588	-	-	-	-	32,184
TOTAL RECEIPTS	<u>32,211</u>	<u>31,673</u>	<u>6,113</u>	<u>668</u>	<u>1,200</u>	<u>-</u>	<u>45</u>	<u>43</u>	<u>71,953</u>
DISBURSEMENTS									
Payments to County Treasurer	16,412	1,309	3,713	80	1,208	-	2	-	22,724
Payments to State Treasurer	20,469	2,249	-	-	-	-	-	-	22,718
Other Liabilities	869	36,627	4,101	588	-	1,555	32	43	43,815
TOTAL DISBURSEMENTS	<u>37,750</u>	<u>40,185</u>	<u>7,814</u>	<u>668</u>	<u>1,208</u>	<u>1,555</u>	<u>34</u>	<u>43</u>	<u>89,257</u>
BALANCES JUNE 30, 2019	<u>\$ 2,500</u>	<u>\$ 889</u>	<u>\$ 602</u>	<u>\$ -</u>	<u>\$ 70</u>	<u>\$ 888</u>	<u>\$ 61</u>	<u>\$ 50</u>	<u>\$ 5,060</u>
BALANCES CONSIST OF:									
Due to County Treasurer	\$ 1,059	\$ 165	\$ 554	\$ -	\$ 20	\$ 888	\$ 11	\$ -	\$ 2,697
Petty Cash	50	-	-	-	50	-	50	50	200
Due to State Treasurer	1,391	249	-	-	-	-	-	-	1,640
Due to Others	-	475	48	-	-	-	-	-	523
BALANCES JUNE 30, 2019	<u>\$ 2,500</u>	<u>\$ 889</u>	<u>\$ 602</u>	<u>\$ -</u>	<u>\$ 70</u>	<u>\$ 888</u>	<u>\$ 61</u>	<u>\$ 50</u>	<u>\$ 5,060</u>

GARFIELD COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2019

Item	2014	2015	2016	2017	2018
Tax Certified by Assessor					
Real Estate	\$ 4,374,466	\$ 4,874,280	\$ 5,132,898	\$ 5,479,627	\$ 5,624,787
Personal and Specials	260,023	225,074	210,868	203,156	212,629
Total	4,634,489	5,099,354	5,343,766	5,682,783	5,837,416
Corrections					
Additions	2,839	2,824	7,007	2,614	35
Deductions	(1,132)	(6,010)	(4,027)	(6,582)	(257)
Net Additions/ (Deductions)	1,707	(3,186)	2,980	(3,968)	(222)
Corrected Certified Tax	4,636,196	5,096,168	5,346,746	5,678,815	5,837,194
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2015	2,833,314	-	-	-	-
June 30, 2016	1,797,155	3,099,223	-	-	-
June 30, 2017	5,051	1,995,845	3,246,336	-	-
June 30, 2018	59	532	2,097,244	3,516,072	-
June 30, 2019	-	-	1,044	2,158,658	3,592,865
Total Net Collections	4,635,579	5,095,600	5,344,624	5,674,730	3,592,865
Total Uncollected Tax	\$ 617	\$ 568	\$ 2,122	\$ 4,085	\$ 2,244,329
Percentage Uncollected Tax	0.01%	0.01%	0.04%	0.07%	38.45%

Note: Tax refunds are netted against tax collections to determine Net Tax Collected.



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GARFIELD COUNTY
**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**

Board of Commissioners
Garfield County, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Garfield County, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Garfield County's basic financial statements, and have issued our report thereon dated August 29, 2019. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Garfield County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Garfield County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

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 County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency to be a material weakness:

- The County offices lacked a segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. Inadequate segregation of duties could lead to the misappropriation of assets or improper reporting. Due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost.

County's Response: At this time it is not feasible for additional employees.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Garfield County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Additional Items

We also noted certain matters that we reported to the management of Garfield County in a separate letter dated August 29, 2019.

Garfield County's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

August 29, 2019



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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August 29, 2019

Board of Commissioners
Garfield County, Nebraska

Dear Commissioners:

We have audited the basic financial statements of Garfield County (County) for the fiscal year ended June 30, 2019, and have issued our report thereon dated August 29, 2019. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

During our audit, we noted certain matters involving internal control over financial reporting and other operational matters that are presented here. These comments and recommendations are intended to improve the internal control over financial reporting or result in operational efficiencies in the following areas:

COUNTY OVERALL

Segregation of Duties

Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. A system of internal control should include a proper segregation of duties, so no one individual is capable of handling all phases of a transaction from beginning to end.

We noted the offices of the County each lacked a segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. A lack of segregation of duties increases the risk of possible errors or irregularities; however, due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost. This was also noted in prior audits.

We recommend the County review this situation. As always, the County must weigh the cost of hiring additional personnel versus the benefit of a proper segregation of duties.

County's Response: At this time it is not feasible for additional employees.

Coding Errors

We noted the following issues regarding how certain financial transactions were recorded in the accounting records by the County Treasurer and County Clerk:

- The County Treasurer was recording both interfund transfers in and transfers out to the same account code. Consequently, the accounting records reflected only net transfers, rather than actual transfers in and out of the funds. Additionally, the County Clerk was not recording any interfund transfers out in her records. Interfund transfers during the fiscal year totaled \$1,127,260.
- The County Clerk and County Treasurer lacked adequate procedures to ensure that disbursements recorded by both offices were in agreement. We noted four funds for which disbursements were not in agreement, as detailed in the following table:

	General Fund	Disaster Fund	Planning & Zoning Fund	Road Fund
Per Clerk	\$ 1,277,754	\$ 211,177	\$ 10,891	\$ 766,776
Per Treasurer	\$ 1,277,718	\$ 77,763	\$ 10,854	\$ 900,238
Variance	\$ 36	\$ 133,414	\$ 37	\$ (133,462)

Good internal control and sound business practice requires procedures to ensure that all financial activity of the County is accurately recorded in the accounting records, including the proper recording of interfund transfers and ensuring disbursements recorded by the County Treasurer and County Clerk are in agreement.

Without such procedures, there is an increased risk of the County’s financial activity being presented inaccurately, heightening also the risk for loss and/or misuse of funds.

We recommend the County Clerk and County Treasurer implement procedures to ensure interfund transfers are recorded accurately, and disbursements recorded by both offices are in agreement.

County’s Response: The Treasurer and Clerk will implement changes to ensure that all disbursements recorded will be in agreement.

COUNTY BOARD

Paid Leave Procedures

During our audit, we noted the following issues regarding the County’s procedures for paid vacation and sick leave:

- The County Board did not receive and review leave usage and balances for all employees to ensure that applicable County policies were being followed.
- For one of three employees tested, vacation and sick leave for the entire year was accrued in January, rather than monthly, as required by the County’s Employee Handbook.

The County’s Employee Handbook (Handbook) provides the following, in relevant part:

For all permanent employees, the amount of vacation accrued during each pay period (measured in hours) is calculated by multiplying the number of paid hours recorded for the period (excluding overtime, but including all forms of paid leave) by the appropriate multiplier.

Good internal control and sound business practices require procedures for periodically reporting employee paid leave balances to the County Board for review. Those same procedures should ensure also that such leave amounts are congruent with the applicable provisions of the Handbook.

In addition to helping prevent abuse of leave, such procedures would raise the County’s awareness of any large payouts that might be pending. Without these procedures, moreover, the risk for loss or misuse of County funds would be increased appreciably.

We recommend the County Board implement procedures for obtaining and reviewing employee leave balances, ensuring that such leave is accrued in amounts specified by the Handbook.

County’s Response: Employee leave balances will be reviewed by the County Board.

COUNTY CLERK OF THE DISTRICT COURT

Review of Overdue Case Account Report

We noted that the District Court did not adequately review the Overdue Case Account Report to ensure the balances reflected therein were proper, and any action needed was taken timely. Six of eight case balances tested, totaling \$4,204, did not have subsequent action taken by the District Court to ensure collection and/or resolution of the balances.

- For one case balance, totaling \$53, documentation was available to show that the funds were already received; therefore, this balance should have been previously non-monetary receipted so a zero balance was reflected in the records.
- Five case balances, totaling \$4,151, included old, outstanding balances. The table below summarizes the balances due by the year the case was filed.

Year Case Filed	Last Case Action	Amount Overdue
2000	July 2001	\$ 456
2004	July 2010	\$ 630
2011	July 2016	\$ 720
2014	August 2016	\$ 2,210
2015	November 2016	\$ 135
		\$ 4,151

Good internal control and sound business practices require procedures for an ongoing, timely review of the Overdue Case Account Report to determine what action, if any, should be taken to collect and/or resolve the balances reflected therein.

Without such procedures, there is an increased risk for errors, omissions, and/or irregularities not being detected and resolved in a timely manner.

We recommend the District Court implement procedures for an ongoing, timely review of the Overdue Case Account Report to determine what action, if any, should be taken to collect and/or resolve the balances reflected therein.

County’s Response: Have been in contact with the County Attorney about getting these taken care of.

COUNTY SHERIFF

Office Procedures

During our audit, we noted the following issues with the County Sheriff's office:

- The office collected \$9 for accident report fees during the fiscal year; however, these fees had not been remitted to the County Treasurer as of the end of the fiscal year. Additionally, the fee charged for accident reports was not approved by the County Board.
- Service fees of \$15 received in January 2018 had not been remitted to the County Treasurer as of July 2019.
- Service fees collected between July 2018 and September 2018, totaling \$886, were not remitted to the County Treasurer until November 2018, or one month after the statutorily required reporting date.
- The office was unable to provide any documentation regarding unpaid accounts receivable.
- The office did not complete a monthly asset-to-liability reconciliation, resulting in an unknown long amount of \$13 at June 30, 2019. The County Sheriff was unable to identify the rightful owner of these funds.

Neb. Rev. Stat. § 33-117(3) (Reissue 2016) provides the following:

The sheriff shall, on the first Tuesday in January, April, July, and October of each year, make a report to the county board showing (a) the different items of fees, except mileage, collected or earned, from whom, at what time, and for what service, (b) the total amount of the fees collected or earned by the officer since the last report, and (c) the amount collected or earned for the current year. He or she shall pay all fees earned to the county treasurer who shall credit the fees to the general fund of the county.

Additionally, sound accounting practices and a good internal control plan require procedures to ensure: 1) fees collected or earned are remitted to the Treasurer in a timely manner; 2) office assets (cash on hand, reconciled bank balance, accounts receivable, etc.) are in agreement with office liabilities (fee and trust accounts) on at least a monthly basis, and any variances noted are identified and resolved in a timely manner; and 3) adequate records are maintained to support monthly unpaid accounts receivable balances.

Without such procedures, there is an increased risk of errors going undetected more easily, resulting in the possible loss, theft, or misuse of County funds, and fees not being remitted to the Treasurer timely.

We recommend the County Sheriff implement procedures to ensure office assets agree to office liabilities on at least a monthly basis, and all variances are identified and resolved in a timely manner. We further recommend all fees collected be remitted timely to the County Treasurer, and adequate records be maintained to support accounts receivable activity and balances.

County's Response: The Sheriff will continue to work on reconciling and remitting collected fees in a timely manner.

COUNTY TREASURER

Real Property Tax Credit Distribution

During testing, we noted the distribution of the Real Property Tax Credit was not calculated correctly.

The following table summarizes the variances noted:

Subdivision	Over/(Under) Payments
Garfield County	\$ (108)
Burwell	448
Burwell Airport Authority	46
Burwell Rural Fire District	(8)
Lower Loup NRD	(12)
County Fair	(4)
ESU 8	(2)
ESU 10	(4)
Northeast Community College	(37)
Burwell Public Schools	(181)
Chambers Public Schools	(45)
Ord Public Schools	(60)
Wheeler Central Public Schools	(26)
Burwell TIF	(2)
Excess to be remitted to State	(5)

Neb. Rev. Stat. § 77-4212(4)(b) (Reissue 2018) states, in relevant part, the following:

After retaining one percent of the receipts for costs, the county treasurer shall allocate the remaining receipts to each taxing unit based on its share of the credits granted to all taxpayers in the taxing unit.

Additionally, good internal controls require procedures to ensure that the Real Property Tax Credit distributions are calculated accurately and in accordance with applicable statutory requirements.

Without such procedures, there is an increased risk of not only political subdivisions failing to receive the correct amount of funding but also noncompliance with statute.

We recommend the County Treasurer implement procedures to ensure future Real Property Tax Credit distributions are calculated correctly. Additionally, we recommend the County Treasurer correct such past erroneous distributions.

County's Response: The Treasurer will correct past distributions and implement procedures to ensure future distributions are calculated correctly.

* * * * *

It should be noted this report is critical in nature, as it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any strong features of the County.

Draft copies of this report were furnished to the County to provide management with an opportunity to review the report and to respond to the comments and recommendations included in this report. All formal responses received have been incorporated into this report. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next audit.

This report is intended solely for the information and use of the County, the appropriate Federal and regulatory agencies, and citizens of the State of Nebraska, and it is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Sincerely,

A handwritten signature in cursive script, appearing to read "Deann Haeffner".

Deann Haeffner, CPA
Assistant Deputy Auditor