

**AUDIT REPORT  
OF  
GARFIELD COUNTY**

**JULY 1, 2015 THROUGH JUNE 30, 2016**

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the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original  
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**Issued on October 11, 2016**

# GARFIELD COUNTY

## TABLE OF CONTENTS

	<u>Page</u>
<b>List of County Officials</b>	1
<b>Financial Section</b>	
Independent Auditor's Report	2 - 4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position - Cash Basis	5
Statement of Activities - Cash Basis	6
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds	7
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Governmental Funds	8
Statement of Fiduciary Assets and Liabilities - Cash Basis - Fiduciary Funds	9
Notes to Financial Statements	10 - 18
Combining Statements and Schedules:	
Budgetary Comparison Schedule - Budget and Actual - General Fund	19
Budgetary Comparison Schedule - Budget and Actual - Major Funds	20
Budgetary Comparison Schedule - Budget and Actual - Nonmajor Funds	21 - 24
Combining Statement of Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Nonmajor Governmental Funds	25 - 27
Schedule of Office Activities	28
Schedule of Taxes Certified and Collected for All Political Subdivisions in the County	29
<b>Government Auditing Standards Section</b>	
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 <i>Government Auditing Standards</i>	30 - 31

GARFIELD COUNTY

**LIST OF COUNTY OFFICIALS**

At June 30, 2016

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	Paige Measner	Jan. 2017
	Lee Jeffres	Jan. 2019
	Scott Krause	Jan. 2019
Assessor	Linda Molesworth	Jan. 2019
Attorney	Dale Crandall	Jan. 2019
Clerk	Stacia Quinn	Jan. 2019
Election Commissioner		
Register of Deeds		
Clerk of the District Court		Jan. 2019
Sheriff	Larry Donner	Jan. 2019
Emergency Manager		
Treasurer	Linda Thoene	Jan. 2019
Veterans' Service Officer	Timothy Rowse	Appointed
Weed Superintendent	J D Tetschner	Appointed
Highway Superintendent	Gary Kinney	Appointed
Surveyor	Steven Rasmussen	Appointed
Planning and Zoning	Sheri Goodrich	Appointed



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Charlie Janssen  
State Auditor

Charlie.Janssen@nebraska.gov  
PO Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
[www.auditors.nebraska.gov](http://www.auditors.nebraska.gov)

### 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, 2016, 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, 2016, 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**

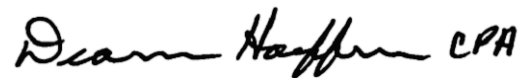
Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes 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 19-29, 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 September 22, 2016, 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.

September 22, 2016

A handwritten signature in black ink that reads "Deann Haeffner CPA". The signature is fluid and cursive, with the letters "CPA" written in a slightly more formal, blocky style at the end.

Deann Haeffner, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska

**GARFIELD COUNTY**  
**STATEMENT OF NET POSITION - CASH BASIS**  
June 30, 2016

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Cash Equivalents (Note 1.D)	\$ 1,378,302
<b>TOTAL ASSETS</b>	<u><u>\$ 1,378,302</u></u>
 <b>NET POSITION</b>	
Restricted for:	
Visitor Promotion	\$ 14,955
Child Support Enforcement	21,514
Juvenile Services	15,341
Preservation of Records	2,828
Road Maintenance	101,170
County Library	6,970
Unrestricted	<u>1,215,524</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 1,378,302</u></u>

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, 2016

<b>Functions:</b>	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
General Government	\$ (922,092)	\$ 65,294	\$ 21,514	\$ (835,284)
Public Safety	(317,715)	8,963	30,628	(278,124)
Public Works	(604,667)	-	371,520	(233,147)
Public Assistance	(21,073)	-	-	(21,073)
Culture and Recreation	(76,103)	207	200	(75,696)
Total Governmental Activities	<u>\$ (1,941,650)</u>	<u>\$ 74,464</u>	<u>\$ 423,862</u>	<u>(1,443,324)</u>

General Receipts:

Property Taxes	1,281,332
Grants and Contributions Not Restricted to Specific Programs	145,165
Investment Income	411
Licenses and Permits	8,177
Miscellaneous	33,948
Total General Receipts	<u>1,469,033</u>

Increase in Net Position	25,709
Net Position - Beginning of year	1,352,593
Net Position - End of year	<u>\$ 1,378,302</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, 2016

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents (Note 1.D)	\$ 75,155	\$ 135,407	\$ 1,001,811	\$ 165,929	\$ 1,378,302
<b>TOTAL ASSETS</b>	<u>\$ 75,155</u>	<u>\$ 135,407</u>	<u>\$ 1,001,811</u>	<u>\$ 165,929</u>	<u>\$ 1,378,302</u>
<b>FUND BALANCES</b>					
Restricted for:					
Visitor Promotion	-	-	-	14,955	14,955
Child Support Enforcement	-	-	-	21,514	21,514
Juvenile Services	-	-	-	15,341	15,341
Preservation of Records	-	-	-	2,828	2,828
Road Maintenance	-	-	-	101,170	101,170
County Library	-	-	-	6,970	6,970
Committed to:					
Law Enforcement	-	-	-	1,770	1,770
Road Maintenance	-	135,407	-	-	135,407
Zoning Functions	-	-	-	1,381	1,381
Assigned to:					
Other Purposes	-	-	1,001,811	-	1,001,811
Unassigned	75,155	-	-	-	75,155
<b>TOTAL CASH BASIS FUND BALANCES</b>	<u>\$ 75,155</u>	<u>\$ 135,407</u>	<u>\$ 1,001,811</u>	<u>\$ 165,929</u>	<u>\$ 1,378,302</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, 2016

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>					
Property Taxes	\$ 1,143,944	\$ -	\$ 61,147	\$ 76,241	\$ 1,281,332
Licenses and Permits	7,547	-	-	630	8,177
Investment Income	411	-	-	-	411
Intergovernmental	147,414	327,989	-	93,624	569,027
Charges for Services	72,019	-	-	2,445	74,464
Miscellaneous	32,323	465	-	1,160	33,948
<b>TOTAL RECEIPTS</b>	<u>1,403,658</u>	<u>328,454</u>	<u>61,147</u>	<u>174,100</u>	<u>1,967,359</u>
<b>DISBURSEMENTS</b>					
General Government	876,242	-	-	45,850	922,092
Public Safety	299,244	-	-	18,471	317,715
Public Works	46,680	557,987	-	-	604,667
Public Assistance	21,073	-	-	-	21,073
Culture and Recreation	4,000	-	-	72,103	76,103
<b>TOTAL DISBURSEMENTS</b>	<u>1,247,239</u>	<u>557,987</u>	<u>-</u>	<u>136,424</u>	<u>1,941,650</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>156,419</u>	<u>(229,533)</u>	<u>61,147</u>	<u>37,676</u>	<u>25,709</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	182,000	274,000	5,200	50,952	512,152
Transfers out	<u>(319,752)</u>	<u>-</u>	<u>(187,200)</u>	<u>(5,200)</u>	<u>(512,152)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(137,752)</u>	<u>274,000</u>	<u>(182,000)</u>	<u>45,752</u>	<u>-</u>
Net Change in Fund Balances	18,667	44,467	(120,853)	83,428	25,709
<b>CASH BASIS FUND BALANCES - BEGINNING</b>	<u>56,488</u>	<u>90,940</u>	<u>1,122,664</u>	<u>82,501</u>	<u>1,352,593</u>
<b>CASH BASIS FUND BALANCES - ENDING</b>	<u>\$ 75,155</u>	<u>\$ 135,407</u>	<u>\$ 1,001,811</u>	<u>\$ 165,929</u>	<u>\$ 1,378,302</u>

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

GARFIELD COUNTY  
**STATEMENT OF FIDUCIARY ASSETS AND  
 LIABILITIES - CASH BASIS**  
**FIDUCIARY FUNDS**  
 June 30, 2016

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	<u>\$ 87,264</u>
 <b>LIABILITIES</b>	
Due to other governments	
State	30,370
Schools	35,900
Educational Service Units	501
Technical College	3,564
Natural Resource Districts	1,241
Fire Districts	697
Municipalities	8,931
Agricultural Society	383
Others	5,677
<b>TOTAL LIABILITIES</b>	<u>87,264</u>
 <b>TOTAL NET ASSETS</b>	 <u><u>\$ -</u></u>

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, 2016

#### 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.

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 \$4,161 toward the operation of the Region during fiscal year 2016. 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 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. 2014).

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 2016. 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) (Supp. 2015). Financial information for the Department is available in that report.

#### **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 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

GARFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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.

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.

GARFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

**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.

**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 2009) 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.

## GARFIELD COUNTY

### NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 \$162,778 of restricted net position, which is 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.

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.



## GARFIELD COUNTY

### NOTES TO FINANCIAL STATEMENTS

(Continued)

#### 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 2009).

At year end, the County's carrying amount of deposits was \$1,378,302 for County funds and \$87,264 for Fiduciary funds. The bank balances for all funds totaled \$1,419,682. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2016, 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.

The levy set in October 2015, for the 2014 taxes, which will be materially collected in May and September 2016, was set at \$.306334/\$100 of assessed valuation. The levy set in October 2014, for the 2014 taxes, which were materially collected in May and September 2015, was set at \$.390539/\$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 (the 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. 2014, Supp. 2015) and may be amended through legislative action.

## GARFIELD COUNTY

### NOTES TO FINANCIAL STATEMENTS

(Continued)

#### 4. **Retirement System** (Concluded)

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.

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, 2016, 26 employees contributed \$31,238, and the County contributed \$46,350. Contributions included \$917 in cash contributions towards the supplemental law enforcement plan for two law enforcement employees

#### 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 80 counties 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 by the Board for an additional contribution equal to its contribution for the current fiscal year, divided by the contribution of all participants for such year, times the amount of such deficiency. Each such assessment, and the manner of calculating the same, is sent to each county in writing, and each county has 60 days in which to pay the amount of such assessment. 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.

GARFIELD COUNTY

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**5. Risk Management** (Concluded)

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 in the last three fiscal years, and no assessments are anticipated for fiscal year 2017. The County has not had to pay out any amounts that exceeded coverage provided by the pool in the last three fiscal years.

**6. Interfund Transfers**

Interfund transfers for the year ended June 30, 2016, consisted of the following:

<b>Transfers to</b>	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
Road Fund	\$ 274,000	\$ -	\$ -	\$ 274,000
Inheritance Fund	-	-	5,200	5,200
General Fund	-	182,000	-	182,000
Nonmajor Funds	45,752	5,200	-	50,952
Total	<u>\$ 319,753</u>	<u>\$ 187,200</u>	<u>\$ 5,200</u>	<u>\$ 512,152</u>

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.

**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:

GARFIELD COUNTY

**NOTES TO FINANCIAL STATEMENTS**  
(Concluded)

**7. Capital Leases Payable** (Concluded)

	Motor Graders	Vehicle	Total
Balance July 1, 2015	\$ 33,759	\$ -	\$ 33,759
Purchases	227,000	14,651	241,651
Payments	22,955	4,161	27,116
Balance June 30, 2016	<u>\$ 237,804</u>	<u>\$ 10,490</u>	<u>\$ 348,294</u>
Future Payments:			
<b>Year</b>			
2017	\$ 38,955	\$ 4,287	\$ 43,242
2018	27,071	4,288	31,359
2019	27,071	2,144	29,215
2020	27,071	-	27,071
2021	108,286	-	108,286
2022-2026	54,143	-	54,143
Total Payments	<u>282,597</u>	<u>10,719</u>	<u>293,316</u>
Less Interest	<u>43,993</u>	<u>229</u>	<u>44,222</u>
Present Value of Future Minimum Lease Payments	<u>\$ 237,804</u>	<u>\$ 10,490</u>	<u>\$ 248,294</u>
Carrying Value of the Related Fixed Asset	<u>\$ 419,320</u>	<u>\$ 24,358</u>	<u>\$ 443,679</u>

**GARFIELD COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**GENERAL FUND**

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 1,183,560	\$ 1,183,560	\$ 1,143,944	\$ (39,616)
Licenses and Permits	7,295	7,295	7,547	252
Interest	450	450	411	(39)
Intergovernmental	31,404	31,404	147,414	116,010
Charges for Services	78,405	78,405	72,019	(6,386)
Miscellaneous	7,550	7,550	32,323	24,773
<b>TOTAL RECEIPTS</b>	<b>1,308,664</b>	<b>1,308,664</b>	<b>1,403,658</b>	<b>94,994</b>
<b>DISBURSEMENTS</b>				
General Government:				
County Board	42,290	42,290	39,883	2,407
County Clerk	105,848	105,848	99,873	5,975
County Treasurer	93,948	93,948	90,794	3,154
County Assessor	151,036	151,036	119,527	31,509
Election Commissioner	16,000	16,000	11,824	4,176
Clerk of the District Court	38,700	38,700	18,736	19,964
County Court System	11,725	11,725	2,883	8,842
Building and Grounds	118,448	118,448	51,615	66,833
Reappraisal	18,000	18,000	4,393	13,607
Agricultural Extension Agent	30,475	30,475	26,668	3,807
Miscellaneous	505,828	505,828	410,046	95,782
Public Safety				
County Sheriff	131,094	131,094	123,716	7,378
County Attorney	93,585	93,585	86,199	7,386
County Jail	45,500	45,500	31,630	13,870
Miscellaneous	65,915	65,915	57,699	8,216
Public Works				
Noxious Weed Control	81,646	81,646	42,904	38,742
Miscellaneous	3,776	3,776	3,776	-
Public Health				
Miscellaneous	15,750	15,750	-	15,750
Public Assistance				
Veterans' Service Officer	13,029	13,029	11,563	1,466
Miscellaneous	15,030	15,030	9,510	5,520
Culture and Recreation				
Miscellaneous	3,000	3,000	4,000	(1,000)
<b>TOTAL DISBURSEMENTS</b>	<b>1,600,623</b>	<b>1,600,623</b>	<b>1,247,239</b>	<b>353,384</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(291,959)</b>	<b>(291,959)</b>	<b>156,419</b>	<b>448,378</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,373,164	1,373,164	182,000	(1,191,164)
Transfers out	(590,411)	(590,411)	(319,752)	270,659
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>782,753</b>	<b>782,753</b>	<b>(137,752)</b>	<b>(920,505)</b>
Net Change in Fund Balance	490,794	490,794	18,667	(472,127)
<b>FUND BALANCE - BEGINNING</b>	<b>58,156</b>	<b>58,156</b>	<b>56,488</b>	<b>(1,668)</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 548,950</b>	<b>\$ 548,950</b>	<b>\$ 75,155</b>	<b>\$ (473,795)</b>

**GARFIELD COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**MAJOR FUNDS**

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD FUND</b>				
RECEIPTS				
Intergovernmental	\$ 320,528	\$ 320,528	\$ 327,989	\$ 7,461
Charges for Services	1,700	1,700	-	(1,700)
Miscellaneous	15,025	15,025	465	(14,560)
TOTAL RECEIPTS	337,253	337,253	328,454	(8,799)
DISBURSEMENTS	956,772	956,772	557,987	398,785
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(619,519)	(619,519)	(229,533)	389,986
OTHER FINANCING SOURCES (USES)				
Transfers in	536,000	536,000	274,000	(262,000)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	536,000	536,000	274,000	(262,000)
Net Change in Fund Balance	(83,519)	(83,519)	44,467	127,986
FUND BALANCE - BEGINNING	90,940	90,940	90,940	-
FUND BALANCE - ENDING	\$ 7,421	\$ 7,421	\$ 135,407	\$ 127,986
<b>INHERITANCE FUND</b>				
RECEIPTS				
Taxes	\$ 250,500	\$ 250,500	\$ 61,147	\$ (189,353)
TOTAL RECEIPTS	250,500	250,500	61,147	(189,353)
DISBURSEMENTS	-	-	-	-
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	250,500	250,500	61,147	(189,353)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	5,200	5,200
Transfers out	(1,373,164)	(1,373,164)	(187,200)	1,185,964
TOTAL OTHER FINANCING SOURCES (USES)	(1,373,164)	(1,373,164)	(182,000)	1,191,164
Net Change in Fund Balance	(1,122,664)	(1,122,664)	(120,853)	1,001,811
FUND BALANCE - BEGINNING	1,122,664	1,122,664	1,122,664	-
FUND BALANCE - ENDING	\$ -	\$ -	\$1,001,811	\$ 1,001,811

**GARFIELD COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**NONMAJOR FUNDS**

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD BRIDGE FUND</b>				
Receipts	\$ 4,361	\$ 4,361	\$ -	\$ (4,361)
Disbursements	(4,361)	(4,361)	-	4,361
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>HIGHWAY STREET BUYBACK FUND</b>				
Receipts	\$ 27,513	\$ 27,513	\$ 30,676	\$ 3,163
Disbursements	(82,795)	(82,795)	-	82,795
Net Change in Fund Balance	(55,282)	(55,282)	30,676	85,958
Fund Balance - Beginning	55,282	55,282	55,282	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,958</u>	<u>\$ 85,958</u>
<b>HIGHWAY BRIDGE BUYBACK FUND</b>				
Receipts	\$ 5,317	\$ 5,317	\$ 5,855	\$ 538
Disbursements	(14,674)	(14,674)	-	14,674
Net Change in Fund Balance	(9,357)	(9,357)	5,855	15,212
Fund Balance - Beginning	9,357	9,357	9,357	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,212</u>	<u>\$ 15,212</u>
<b>GEOGRAPHICAL INFORMATION SYSTEM FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(20,000)	(20,000)	(19,252)	748
Transfers in	20,000	20,000	19,252	(748)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>PLANNING &amp; ZONING FUND</b>				
Receipts	\$ 8,100	\$ 8,100	\$ 630	\$ (7,470)
Disbursements	(36,023)	(36,023)	(26,598)	9,425
Transfers in	27,100	27,100	26,500	(600)
Net Change in Fund Balance	(823)	(823)	532	1,355
Fund Balance - Beginning	849	849	849	-
Fund Balance - Ending	<u>\$ 26</u>	<u>\$ 26</u>	<u>\$ 1,381</u>	<u>\$ 1,355</u>

(Continued)

**GARFIELD COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**NONMAJOR FUNDS**

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>CHILD SUPPORT ENFORCEMENT INCENTIVE FUND</b>				
Receipts	\$ 15,000	\$ 15,000	\$ 21,514	\$ 6,514
Disbursements	(19,311)	(19,311)	-	19,311
Transfers in	4,311	4,311	-	(4,311)
Net Change in Fund Balance	-	-	21,514	21,514
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,514</u>	<u>\$ 21,514</u>
<b>VISITOR'S PROMOTION FUND</b>				
Receipts	\$ 12,000	\$ 12,000	\$ 14,350	\$ 2,350
Disbursements	(13,120)	(13,120)	(6,139)	6,981
Net Change in Fund Balance	(1,120)	(1,120)	8,211	9,331
Fund Balance - Beginning	1,976	1,976	1,976	-
Fund Balance - Ending	<u>\$ 856</u>	<u>\$ 856</u>	<u>\$ 10,187</u>	<u>\$ 9,331</u>
<b>VISITOR'S IMPROVEMENT FUND</b>				
Receipts	\$ 12,000	\$ 12,000	\$ 14,831	\$ 2,831
Disbursements	(13,100)	(13,100)	(12,852)	248
Net Change in Fund Balance	(1,100)	(1,100)	1,979	3,079
Fund Balance - Beginning	2,769	2,769	2,789	-
Fund Balance - Ending	<u>\$ 1,669</u>	<u>\$ 1,669</u>	<u>\$ 4,768</u>	<u>\$ 3,079</u>
<b>PRESERVATION &amp; MODERNIZATION FUND</b>				
Receipts	\$ 2,175	\$ 2,175	\$ 1,194	\$ (981)
Disbursements	(3,750)	(3,750)	-	3,750
Net Change in Fund Balance	(1,575)	(1,575)	1,194	2,769
Fund Balance - Beginning	1,634	1,634	1,634	-
Fund Balance - Ending	<u>\$ 59</u>	<u>\$ 59</u>	<u>\$ 2,828</u>	<u>\$ 2,769</u>
<b>LIBRARY FUND</b>				
Receipts	\$ 52,980	\$ 52,980	\$ 52,498	\$ (482)
Disbursements	(53,434)	(53,434)	(53,112)	322
Transfers in	-	-	5,200	5,200
Transfers out	-	-	(5,200)	(5,200)
Net Change in Fund Balance	(454)	(454)	(614)	(160)
Fund Balance - Beginning	6,704	6,704	6,704	-
Fund Balance - Ending	<u>\$ 6,250</u>	<u>\$ 6,250</u>	<u>\$ 6,090</u>	<u>\$ (160)</u>

(Continued)



**GARFIELD COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**NONMAJOR FUNDS**

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>LIBRARY MEMORIAL FUND</b>				
Receipts	\$ 3,000	\$ 3,000	\$ -	\$ (3,000)
Disbursements	(3,000)	(3,000)	-	3,000
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -
<b>LIBRARY GRANT FUND</b>				
Receipts	\$ 50,000	\$ 50,000	\$ 880	\$ (49,120)
Disbursements	(50,000)	(50,000)	-	50,000
Net Change in Fund Balance	-	-	880	880
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ 880	\$ 880
<b>STOP PROGRAM FUND</b>				
Receipts	\$ 1,090	\$ 1,090	\$ 500	\$ (590)
Disbursements	(5,000)	(5,000)	(2,640)	2,360
Net Change in Fund Balance	(3,910)	(3,910)	(2,140)	1,770
Fund Balance - Beginning	3,910	3,910	3,910	-
Fund Balance - Ending	\$ -	\$ -	\$ 1,770	\$ 1,770
<b>DRUG LAW ENFORCEMENT GRANT FUND</b>				
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	\$ -	\$ -	\$ -	\$ -
<b>LAW ENFORCEMENT GRANT FUND</b>				
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	\$ -	\$ -	\$ -	\$ -
<b>MISCELLANEOUS GRANTS FUND</b>				
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	\$ -	\$ -	\$ -	\$ -

**GARFIELD COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**NONMAJOR FUNDS**

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>JUVENILE SERVICES AID FUND</b>				
Receipts	\$ 30,000	\$ 30,000	\$ 31,172	\$ 1,172
Disbursements	(30,000)	(30,000)	(15,831)	14,169
Net Change in Fund Balance	-	-	15,341	15,341
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,341</u>	<u>\$ 15,341</u>
<b>COUNTY VISITOR'S BUREAU GRANT FUND</b>				
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>
<b>HANDICAPPED ACCESSIBILITY FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(3,000)	(3,000)	-	3,000
Transfers in	3,000	3,000	-	(3,000)
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, 2016

	Highway Street Buyback Fund	Highway Bridge Buyback Fund	Geographical Information System Fund	Planning & Zoning Fund	Child Support Enforcement Incentive Fund
<b>RECEIPTS</b>					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	630	-
Intergovernmental	30,676	5,855	-	-	21,514
Charges for Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>TOTAL RECEIPTS</b>	<u>30,676</u>	<u>5,855</u>	<u>-</u>	<u>630</u>	<u>21,514</u>
<b>DISBURSEMENTS</b>					
General Government	-	-	19,252	26,598	-
Public Safety	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>-</u>	<u>-</u>	<u>19,252</u>	<u>26,598</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>30,676</u>	<u>5,855</u>	<u>(19,252)</u>	<u>(25,968)</u>	<u>21,514</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	19,252	26,500	-
Transfers out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>19,252</u>	<u>26,500</u>	<u>-</u>
Net Change in Fund Balances	30,676	5,855	-	532	21,514
<b>FUND BALANCES - BEGINNING</b>	<u>55,282</u>	<u>9,357</u>	<u>-</u>	<u>849</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 85,958</u>	<u>\$ 15,212</u>	<u>\$ -</u>	<u>\$ 1,381</u>	<u>\$ 21,514</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	-	-	-	-	-
Child Support Enforcement	-	-	-	-	21,514
Juvenile Services	-	-	-	-	-
Preservation of Records	-	-	-	-	-
Road Maintenance	85,958	15,212	-	-	-
County Library	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Zoning Functions	-	-	-	1,381	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 85,958</u>	<u>\$ 15,212</u>	<u>\$ -</u>	<u>\$ 1,381</u>	<u>\$ 21,514</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, 2016

	Visitor's Promotion Fund	Visitor's Improvement Fund	Preservation & Modernization Fund	Library Fund
<b>RECEIPTS</b>				
Property Taxes	\$ 14,350	\$ 14,351	\$ -	\$ 47,540
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	4,751
Charges for Services	-	-	1,194	207
Miscellaneous	-	480	-	-
<b>TOTAL RECEIPTS</b>	<u>14,350</u>	<u>14,831</u>	<u>1,194</u>	<u>52,498</u>
<b>DISBURSEMENTS</b>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Culture and Recreation	6,139	12,852	-	53,112
<b>TOTAL DISBURSEMENTS</b>	<u>6,139</u>	<u>12,852</u>	<u>-</u>	<u>53,112</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>8,211</u>	<u>1,979</u>	<u>1,194</u>	<u>(614)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	5,200
Transfers out	-	-	-	(5,200)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	8,211	1,979	1,194	(614)
<b>FUND BALANCES - BEGINNING</b>	<u>1,976</u>	<u>2,789</u>	<u>1,634</u>	<u>6,704</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 10,187</u>	<u>\$ 4,768</u>	<u>\$ 2,828</u>	<u>\$ 6,090</u>
<b>FUND BALANCES:</b>				
Restricted for:				
Visitor Promotion	10,187	4,768	-	-
Child Support Enforcement	-	-	-	-
Juvenile Services	-	-	-	-
Preservation of Records	-	-	2,828	-
Road Maintenance	-	-	-	-
County Library	-	-	-	6,090
Committed to:				
Law Enforcement	-	-	-	-
Zoning Functions	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 10,187</u>	<u>\$ 4,768</u>	<u>\$ 2,828</u>	<u>\$ 6,090</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, 2016

	Library Grant Fund	STOP Program Fund	Juvenile Services Aid Fund	Total Nonmajor Governmental Funds
<b>RECEIPTS</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ 76,241
Licenses and Permits	-	-	-	630
Intergovernmental	200	-	30,628	93,624
Charges for Services	-	500	544	2,445
Miscellaneous	680	-	-	1,160
<b>TOTAL RECEIPTS</b>	<b>880</b>	<b>500</b>	<b>31,172</b>	<b>174,100</b>
<b>DISBURSEMENTS</b>				
General Government	-	-	-	45,850
Public Safety	-	2,640	15,831	18,471
Culture and Recreation	-	-	-	72,103
<b>TOTAL DISBURSEMENTS</b>	<b>-</b>	<b>2,640</b>	<b>15,831</b>	<b>136,424</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>880</b>	<b>(2,140)</b>	<b>15,341</b>	<b>37,676</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	50,952
Transfers out	-	-	-	(5,200)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45,752</b>
<b>Net Change in Fund Balances</b>	<b>880</b>	<b>(2,140)</b>	<b>15,341</b>	<b>83,428</b>
<b>FUND BALANCES - BEGINNING</b>	<b>-</b>	<b>3,910</b>	<b>-</b>	<b>82,501</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 880</b>	<b>\$ 1,770</b>	<b>\$ 15,341</b>	<b>\$ 165,929</b>
<b>FUND BALANCES:</b>				
Restricted for:				
Visitor Promotion	-	-	-	14,955
Child Support Enforcement	-	-	-	21,514
Juvenile Services	-	-	15,341	15,341
Preservation of Records	-	-	-	2,828
Road Maintenance	-	-	-	101,170
County Library	880	-	-	6,970
Committed to:				
Law Enforcement	-	1,770	-	1,770
Zoning Functions	-	-	-	1,381
<b>TOTAL FUND BALANCES</b>	<b>\$ 880</b>	<b>\$ 1,770</b>	<b>\$ 15,341</b>	<b>\$ 165,929</b>

(Concluded)

**GARFIELD COUNTY**  
**SCHEDULE OF OFFICE ACTIVITIES**  
For the Year Ended June 30, 2016

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	County Library	Veterans' Service Officer	County Assessor	Total
BALANCES JULY 1, 2015	\$ 2,112	\$ 5,222	\$ 3,827	\$ 30	\$ -	\$ 15,096	\$ 50	\$ 26,337
RECEIPTS								
Licenses and Permits	380	-	385	-	-	-	-	765
Charges for Services	12,104	753	2,667	210	207	-	-	15,941
Miscellaneous	-	-	-	-	880	37	-	917
State Fees	11,438	1,859	-	-	-	-	-	13,297
Other Liabilities	-	149,564	9,209	-	-	-	-	158,773
TOTAL RECEIPTS	23,922	152,176	12,261	210	1,087	37	-	189,693
DISBURSEMENTS								
Payments to County Treasurer	12,281	615	-	190	1,087	-	-	14,173
Payments to State Treasurer	10,856	1,343	-	-	-	-	-	12,199
Other Liabilities	-	145,799	9,209	-	-	1,513	-	156,521
TOTAL DISBURSEMENTS	23,137	147,757	9,209	190	1,087	1,513	-	182,893
BALANCES JUNE 30, 2016	\$ 2,897	\$ 9,641	\$ 6,879	\$ 50	\$ -	\$ 13,620	\$ 50	\$ 33,137
BALANCES CONSIST OF:								
Due to County Treasurer	\$ 1,332	\$ 208	\$ 6,879	\$ 50	\$ -	\$ 13,620	\$ -	\$ 22,089
Petty Cash	50	-	-	-	-	-	50	100
Due to State Treasurer	1,515	683	-	-	-	-	-	2,198
Due to Others	-	8,750	-	-	-	-	-	8,750
BALANCES JUNE 30, 2016	\$ 2,897	\$ 9,641	\$ 6,879	\$ 50	\$ -	\$ 13,620	\$ 50	\$ 33,137

**GARFIELD COUNTY**  
**SCHEDULE OF TAXES CERTIFIED AND COLLECTED**  
**FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY**  
June 30, 2016

Item	2011	2012	2013	2014	2015
Tax Certified by Assessor					
Real Estate	\$ 3,678,096	\$ 3,768,996	\$ 3,997,234	\$ 4,374,466	\$ 4,874,280
Personal and Specials	207,586	239,102	245,566	260,023	225,074
Total	<u>3,885,682</u>	<u>4,008,098</u>	<u>4,242,800</u>	<u>4,634,489</u>	<u>5,099,354</u>
Corrections					
Additions	5,713	1,396	5,778	2,839	2,356
Deductions	(1,243)	(5,891)	(1,735)	(1,132)	(5,770)
Net Additions/ (Deductions)	<u>4,470</u>	<u>(4,495)</u>	<u>4,043</u>	<u>1,707</u>	<u>(3,414)</u>
Corrected Certified Tax	<u>3,890,152</u>	<u>4,003,603</u>	<u>4,246,843</u>	<u>4,636,196</u>	<u>5,095,940</u>
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2012	2,221,277	-	-	-	-
June 30, 2013	1,663,196	2,367,038	-	-	-
June 30, 2014	3,457	1,632,435	2,571,200	-	-
June 30, 2015	581	2,587	1,672,448	2,833,314	-
June 30, 2016	193	247	1,684	1,797,155	3,099,223
Total Net Collections	<u>3,888,704</u>	<u>4,002,307</u>	<u>4,245,332</u>	<u>4,630,469</u>	<u>3,099,223</u>
Total Uncollected Tax	<u>\$ 1,448</u>	<u>\$ 1,296</u>	<u>\$ 1,511</u>	<u>\$ 5,727</u>	<u>\$ 1,996,717</u>
Percentage Uncollected Tax	<u>0.04%</u>	<u>0.03%</u>	<u>0.04%</u>	<u>0.12%</u>	<u>39.18%</u>

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



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen  
State Auditor

Charlie.Janssen@nebraska.gov  
PO Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
[www.auditors.nebraska.gov](http://www.auditors.nebraska.gov)

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, 2016, and the related notes to the financial statements, which collectively comprise Garfield County's basic financial statements, and have issued our report thereon dated September 22, 2016. 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: Many departments have three or less personnel. Based upon the limited number of personnel, a complete segregation of duties would be extremely difficult. Nevertheless, the County shall adopt internal control procedures to establish a segregation of duties as best as possible.*

### **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**

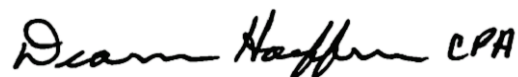
We also noted certain matters that we reported to the management of Garfield County in a separate letter dated September 22, 2016.

### **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.

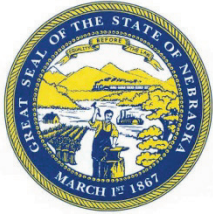
### **Purpose of this Report**

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.



Deann Haeffner, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska

September 22, 2016



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen  
State Auditor

Charlie.Janssen@nebraska.gov  
PO Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
[www.auditors.nebraska.gov](http://www.auditors.nebraska.gov)

September 22, 2016

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, 2016, and have issued our report thereon dated September 22, 2016. 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.

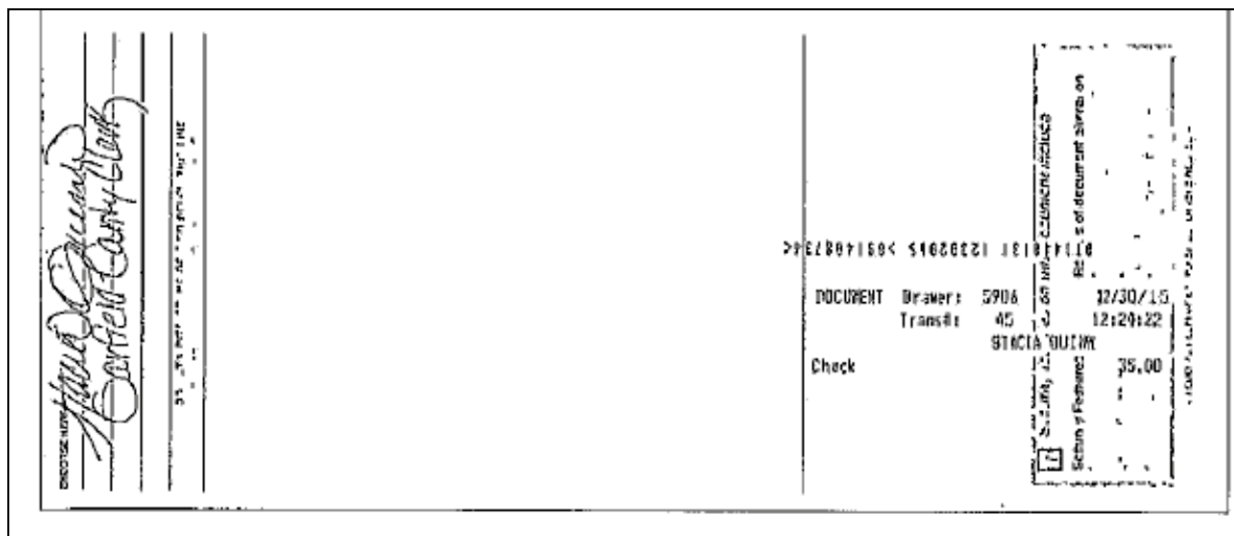
We recommend the County review this situation. As always, the County must weigh the cost of hiring additional personnel versus the benefit of a proper segregation of duties.

*County's Response: Many departments have three or less personnel. Based upon the limited number of personnel, a complete segregation of duties would be extremely difficult. Nevertheless, the County shall adopt internal control procedures to establish a segregation of duties as best as possible.*

## **COUNTY CLERK**

### **Missing Refund**

On September 15, 2015, the County Clerk registered to attend a Register of Deeds workshop being held in Kearney, Nebraska, on October 14, 2015, presented by the Nebraska Association of County Officials (NACO). The County Clerk did not attend the workshop, and the County was issued a refund check of \$35 on December 23, 2015. Great Western Bank verified that the refund check was cashed by the County Clerk on December 30, 2015, for cash and was not deposited directly into a bank account. The County Clerk endorsed the back of the check, as can be seen in the image of the check, below:



We were unable to trace the \$35 to any of the County's bank accounts or to a receipt at the County Treasurer's office. Therefore, it appears the funds were not deposited. Upon questioning, the Clerk indicated that she did not specifically recall receiving the check.

Neb. Rev. Stat. §28-511(1) (Reissue 2008) states in part "A person is guilty of theft if he or she takes, or exercises control over, movable property of another with the intent to deprive him or her thereof". Good internal controls require procedures to be in place to ensure the County receives all money due to it. When County money cannot be traced to a receipt at the County, it gives the appearance the money is missing and unaccounted for.

We recommend the County implement procedures to ensure all refunds are deposited with the County Treasurer. Further, due to the nature of the money being unaccounted for, the information in this comment will be forwarded to the County Attorney for review.

*County's Response: The County shall implement procedures to ensure all refunds are deposited with the County Treasurer and receipted into the general fund.*

## **Credit Card Purchases**

The County has one CapitalOne credit card that is used by the County Clerk and earns cash back rewards. The County lacked appropriate policies and procedures regarding allowable uses, required documentation, and review of credit card transactions.

The following table summarizes improper credit card transactions identified during the audit. Only a sample of transactions were tested, therefore it is possible other improper transactions occurred and were not identified.

<b>Transaction</b>	<b>Amount</b>
Cash rewards redeemed, not remitted to County	\$ 17
Fees and Interest for not paying timely	72
Taxes charged from a hotel bill	13
Alcohol	5
Purchase of items donated	34
<b>Total Improper Transactions</b>	<b>\$ 141</b>
Meals lacking itemized receipts	95
<b>Grand Total</b>	<b>\$ 236</b>

Specifically, we noted the following:

- The County Clerk failed to obtain approval from the County Board to open this credit card account.
- The County Clerk redeemed \$17 in cash back rewards in October 2015; however, a record of the receipt of these funds by the County did not exist. It appears these funds may have been redeemed for the personal use of the County Clerk.
- Credit card payments were not made timely, resulting in the County paying \$72 of fees and interest during calendar year 2015. Of this amount, \$14 was paid personally by the County Clerk; however, she later submitted a claim to the County and was reimbursed this amount.
- One of three hotel bills tested included taxes of \$13. Had this hotel expense been direct-billed to the County, these taxes could have been avoided.
- Itemized receipts were not provided for three of five meal receipts tested, totaling \$95. Consequently, the APA was unable to verify the appropriateness of these charges. Without itemized receipts, the County Board would also not have sufficient documentation to determine whether the charges were appropriate upon approval of the claims.
- One of five meal receipts tested included a \$5 charge for a Jamaican Margarita at the Cellar Bar and Grill in Kearney, Nebraska.
- One of five meal receipts tested from the Quaker Steak and Lube in Grand Island, Nebraska included a 33% tip, which appears excessive. Total meal cost was \$13, and the tip was \$4. A more reasonable tip of 15% would have been approximately \$2.

- A \$34 charge was made at Target in Omaha, Nebraska. This purchase included chocolate, grill utensils, napkins, cups, and plates. Per the County Clerk, these items were donated to a silent auction at the Nebraska Association of County Officials' (NACO) summer County Clerk's workshop. Donations are not an appropriate use of County funds.

Payments to CapitalOne totaled \$2,310 during fiscal year 2016.

Neb. Rev. Stat. §13-610 (Reissue 2012) requires in part the governing body to determine the type of purchasing card utilized and those persons who will be assigned a purchasing card. It further requires an itemized receipt shall accompany all purchasing card purchases. Additionally, good internal controls require an adequate review of credit card transactions to be performed to ensure cash back rewards are handled properly and inappropriate purchases are not made, including alcohol, excessive tips, taxes, and other unallowable purchases.

When credit cards are not approved by the County Board, purchases do not have adequate, original supporting documentation, and a detailed review is not performed to ensure purchases and cash back rewards are proper, there is non-compliance with State Statute and an increased risk for loss and/or misuse of County funds.

We recommend all credit cards be approved by the County Board. Additionally, we recommend the County Board implement policies and procedures regarding acceptable uses of the credit card. We further recommend the County implement adequate review procedures over credit card statements to ensure that all charges are adequately documented, and an appropriate use of County funds.

*County's Response: In accordance with state statutes, the County Board shall implement policies and procedures regarding acceptable uses of credit cards, if any, and shall require Board approval before the issuance of any credit card. If a credit card is necessary in the future, the County Board shall include in these policies and procedures a requirement of monthly review of credit card statements to ensure that all charges are adequately documented and appropriate use of County funds. Attached hereto as **Exhibit "A"** please find a receipt of cancellation of the CapitalOne credit card closed as of 8/31/16. The credit card was shredded in front of a witness.*

### **Quill.com Purchases**

Quill.com is an online store that sells office and janitorial supplies, coffee and snacks, and numerous other items. Quill frequently offers free gifts as an incentive to purchase a specified dollar amount of items. The County Clerk is responsible for purchasing items from Quill. During testing, we noted the County Clerk made frequent purchases from Quill and also received free gifts; however, the free items were not on hand at the Courthouse, and there was no documentation to support the disposition of these items. We also noted other inappropriate items purchased from Quill, as detailed below:

**a) Free Gifts**

The APA tested six of 17 claims payable to Quill during fiscal year 2016. All six of those claims included invoices where a free gift was received. The APA reviewed Amazon.com and other websites to determine an approximate value for the six free items, which are included in the following table. Additionally, we noted a picnic basket purchased for \$15 that was also not on hand at the Courthouse.

Item	Approx. Value
Rachel Ray Tote Bag	\$ 20
Rachel Ray 2 Piece Cruet Set	21
Rachel Ray Lunch Tote	16
Rachel Ray 4 Piece Soup Bowl Set	20
Silverstone 2.5 Qt. Casserole Dish	25
Ghirardelli Chocolate Gift Pack	45
<b>Total Value- Free Items</b>	<b>\$ 147</b>
Purchased Picnic Basket	15
<b>Grand Total</b>	<b>\$ 162</b>

**b) Other Improper Quill.com Purchases**

In reviewing the six Quill claims, the APA also identified numerous inappropriate and potentially unallowable purchases, including candy, snacks, coffee, and coffee creamer.

The County was unable to provide an explanation as to the business necessity of these items, and it appears these items may have been consumed by County employees. Without a documented explanation of the business necessity of these items, the nature of Quill's incentive program also raises question as to whether County funds were used to purchase these items with the purpose of receiving free gifts. Additionally, we noted one claim included a \$23 payment to Quill; however, no supporting documentation was attached to the claim. The following table summarizes the purchases noted:

Item	Amount
Candy	\$ 21
Coffee	31
Coffee Creamer	29
Snacks	35
No Supporting Documentation	23
<b>Total</b>	<b>\$ 139</b>

Good internal controls require that disbursements are only made for allowable expenses and purchases can be accounted for at the County.

When adequate supporting documentation is not attached to claims, items purchased are not reviewed for appropriateness, and free gifts are not handled appropriately, there is an increased risk for the loss and/or misuse of County funds and assets.

We recommend adequate supporting documentation be attached to all claims. Additionally, we recommend the County implement policies and procedures to ensure all purchases are an allowable use of County funds, and free gifts received are used for the benefit of the County.

*County's Response: The County shall require supporting documentation be attached to all claims and each claim shall be approved or denied depending upon business necessity and appropriateness. In addition, Departments shall make their own supply purchases from Quill (or similar stores) which will prevent purchase amounts being sufficient to receive free gifts. In the event free gifts are received, they shall be used for the benefit of the County. In accordance with this paragraph, the County shall adopt policies and procedures to ensure all purchases are appropriate uses of County funds. The County would note it has requested the return of all free gifts, has actually received 3 returned tote bags, and that the picnic basket was a part of the silent auction donation to the Nebraska Association of County Officials.*

### **Imprest Bank Account Reconciliation Procedures**

The County Clerk failed to reconcile the County Imprest Bank account to ensure no excess funds remained in the account. Each month the County Clerk requests funds from the County Treasurer to pay the claims approved by the County Board. The County Imprest Bank account contained an excess balance of \$29,239 because the County Clerk failed to decrease the request from the County Treasurer to account for any checks that had been voided in previous months.

Neb. Rev. Stat. § 23-109(2) (Reissue 2012), states, "The county board may adopt by resolution an imprest system of accounting for the county and authorize the county clerk to establish an imprest vendor, payroll, or other account for the payment of county warrants in accordance with any guidelines issued by the Auditor of Public Accounts." An imprest account functions as a clearing account and, therefore, should maintain a zero book balance, unless otherwise approved by the County Board.

When bank accounts are not reconciled and hold excess balances, there is an increased risk that fraud, abuse, or misuse of County funds will go undetected.

We recommend the County Clerk complete reconciliations of the imprest bank account monthly and transfer any excess balance to the County Treasurer. Additionally, the County Clerk should review monthly voided checks and reduce the future funding requests by that amount to ensure an excess balance is not accumulated in the future.

*County's Response: The County shall implement policies and procedures to document monthly reconciliations of the County Imprest Bank account and ensure that it maintains a zero book balance. At the next County meeting on October 11, 2016, a resolution will be passed to authorize the Treasurer to make an electronic transfer from Imprest Account in the amount of \$29,239 (or the then-current amount) which shall be automatically deposited into the general fund. The Treasurer has worked with Don Nelson, CPA, to determine which areas (i.e. schools, visitor funds, etc.) should be credited from the general fund based upon then-current annual mill levy. These figures are attached hereto as **Exhibit "B."***

## **Balancing Procedures**

During the audit, we noted multiple issues with the County Clerk's balancing procedures as described below:

- Complete and accurate bank reconciliations were not being performed on a monthly basis. The County Clerk's bank account included an excess amount of \$22 at June 30, 2016, that could not be explained.
- The County Clerk has an approved petty cash fund of \$50. However, an extra \$108 was on hand as of August 15, 2016. The County Clerk maintained \$13 with the petty cash records; however, no receipts or other documentation could be provided to support this excess amount. The remaining \$95 was maintained in a desk drawer and appears to be an additional unauthorized petty cash fund. According to the County Clerk, the \$95 has accumulated over the years from copy fees and is considered County funds; however, no receipts or other documentation could be provided to support the explanation.

Neb. Rev. § 23-106 (2) (Reissue 2012) states:

*The county board shall have the authority to establish a petty cash fund for such county for the purpose of making payments for subsidiary general operational expenditures and purchases. Such county board shall set, by resolution of the board, the amount of money to be carried in such petty cash fund and the dollar limit of an expenditure from such fund and such amount shall be stated in the fiscal policy of the county board budget message.*

Sound accounting practice and good internal control requires procedures to ensure a reconciliation of the accounting records to the bank account is completed on at least a monthly basis. Reconciliation procedures should include the timely identification and resolution of all variances. Additionally, sound accounting practice requires all money received by the office to be recorded on receipts or other such documentation.

We recommend the County Board determine if the petty cash accounts for the County Clerk are necessary, and if so, approve, by resolution, the authorized amount. We also recommend the County Clerk implement procedures to document monthly balancing procedures, including bank reconciliations and analysis of bank activity. Finally, we recommend excess fund held by the County Clerk be remitted to the County Treasurer.

*County's Response: The County shall implement policies to document monthly balancing procedures, including bank reconciliations, analysis of bank activity, and identification and resolution of all variances. With regards to the petty cash fund, the County shall implement policies to ensure the petty cash fund does not exceed \$50 and any excess is remitted to the County Treasurer. The County would note that on August 18, 2016, \$115 was taken from this petty cash fund (so that \$50 was left remaining) and remitted into the general fund, the receipt of which is attached hereto as **Exhibit "C."***



## **Payroll Taxes**

In March 2016, the County was assessed a penalty of \$264 for its failure to make a proper Federal tax deposit by the deadline of March 23, 2016. Additionally, the County has had a \$235 credit balance at the Nebraska Department of Revenue for payroll taxes since April 7, 2015. The County was unable to provide an explanation for this balance.

Good internal controls require procedures to ensure payroll tax returns filed to follow-up on variances in a timely manner, and to ensure payroll taxes are paid timely to avoid penalties. When the County does not pay withholdings timely and investigate variances, there is an increased risk of loss of County funds.

We recommend the County implement procedures to ensure that payroll taxes are paid in a timely manner and that all variances or credits are investigated and adequately documented.

*County's Response: The County shall implement procedures to ensure that payroll taxes are paid before the federal tax deposit deadline and all variances or credits are investigated and adequately documented. The County would note this is a one-time occurrence and has not happened in recent years. The County has inquired with the Nebraska Department of Revenue about the return or credit of the credited amount.*

## **Unpaid Claims Certifications**

We noted the December 2015 and June 2016 Unpaid Claims Certifications were not completed as of the required dates set out in State statute. Certifications were dated as of December 31, 2015, and as of June 30, 2016.

Neb. Rev. Stat. § 23-1302 (4) (Reissue 2012) provides:

*[T]he county clerk shall certify to the county treasurer as of June 15 and December 15 of each year the total amount of unpaid claims of the county[.]*

Good internal control also requires procedures to ensure compliance with State laws and other rules and regulations. Without these procedures, there is an increased risk of noncompliance.

We recommend the County Clerk implement procedures to ensure unpaid claims are certified in accordance with statutes.

*County's Response: The County shall implement procedures to ensure unpaid claims are certified as of the required dates set out in the state statutes. The County has calendared these dates for the upcoming year.*

## **COUNTY BOARD**

### **Claims Supporting Documentation**

During testing, we noted there was not accurate supporting documentation on file to ensure claims were reasonable and for allowable expenses of the County. Items noted are as follows:

- One claim for safety equipment for the Stop Program, totaling \$2,640, did not contain an invoice or other supporting documentation.
- One claim for service charges on equipment, totaling \$2,360, did not contain an invoice or other supporting documentation.
- One claim for ammunition for a 223 Remington Sniper Rifle, totaling \$648, contained support for the expense; however, the County Sheriff failed to file an inventory listings, so the APA could not determine whether the purchase was made for County purposes or for personal use.
- Claims paid to GLW Children's Council did not contain adequate supporting documentation. A monitoring visit by the Nebraska Crime Commission resulted in GLW Children's Council refunding to the County \$545 as a result of unsupported claims that were paid. The County paid a total of \$26,668 to GLW Children's Council during the fiscal year.
- Claim numbers 1509079 and 1510085 both paid \$280 to a vendor for invoice number 16152, an advertisement in a magazine. This resulted in the vendor being paid twice for the same invoice.
- Claim numbers 1604079 and 1605079 both paid \$87 to a vendor for equipment parts. The initial claim was paid from a receipt at the time of purchase while a subsequent claim was paid off an invoice received from the vendor. This resulted in the vendor being paid twice for the same invoice.

Sound accounting practice and good internal controls require that disbursements by the County are only made from original invoices to ensure that payment is reasonable, for allowable expenses, and is not a duplicate payment. When claims are not filed with adequate supporting documentation, there is an increased risk that the County may be paying for unallowable items. Additionally, there is an increased risk of loss or misuse of County funds.

We recommend the County implement procedures to ensure claims are only paid after review of original invoices or receipts to ensure the request for payment is for allowable expenses and is not a duplicate payment.

*County's Response: The County shall implement procedures to appoint an individual to review each receipt monthly to ensure the request for payment is for allowable expenses and is not a duplicate payment.*

*The County has obtained and has on file at the courthouse the following documents:*

- *Safety equipment invoices and grant application for the Stop Program, totaling \$2,640.*
- *Equipment service charge invoices, totaling \$2,360.*
- *Equipment vendor's refund, totaling \$87.07, attached hereto as **Exhibit "D"***

*With regards to the 223 Remington Sniper Rifle ammunition, the County would note that each law enforcement officer is required to pass certain firearm certifications, including the use of a sniper rifle. The County does not currently own any sniper rifles, so each County sheriff personally owns his own sniper rifle. For these reasons, the ammunition purchased was used for the benefit of the County sheriffs for purposes of the certification process and not for personal use. In the future, the County may purchase two sniper rifles so that the inventory list shall match both in firearms and ammunition.*

*With regards to GLW Children's Council, in May of 2016, the Nebraska Crimes Commission (the "Commission") became the governing body in charge of determining what claims are payable or not through the GLW Children's Council. As of May, claims are now approved by the Commission before being paid. The process is as follows: GLW Children's Council brings any claims to the Clerk's office by the 5<sup>th</sup> of each month; the Clerk scans and sends such claims to the Commission before the 10<sup>th</sup> of the month; the Commission responds with its determination on valid or invalid claims by the 20<sup>th</sup> of the month; the Clerk issues a check for valid claims in the amount approved by the Commission. As a result of these new procedures, claims paid to GLW Children's Council shall have adequate supporting documentation going forward.*

*With regards to the magazine vendor, Flagship Publishing, the claim of \$280 was for a monthly Visitor's Bureau advertisement. Per the Economic Development Office and Flagship Publishing, this was an error on the part of Flagship Publishing as the invoice number was not changed for the next month's advertisement. For these reasons, no refund was issued.*

### **Payroll Paid in Advance**

The County Board was approving and paying employees' paychecks prior to the end of the month. This practice results in employees receiving paychecks prior to earning all the hours included on the check. For instance, employees' pay was approved by the County Board on Tuesday, December 22, 2015, and the ACH payment was processed on Monday, December 28, 2015, for the entire month of December. This resulted in the County Board approving payroll nine days in advance, and paying the employees three days in advance of earning the full month's wages.

Neb. Rev. Stat. § 23-135 (1) (Reissue 2012) provides, in relevant part:

*All claims against a county shall be filed with the county clerk within ninety days from the time when any materials or labor . . . have been furnished or performed . . . .*

Furthermore, good internal control and sound accounting practices suggest the County Board should not approve the disbursement of money prior to ensuring the County actually owes the debt. When paychecks are approved and paid prior to hours earned, there is an increased risk of loss or misuse of County funds.

We recommend the County Board implement procedures to ensure that paychecks are not paid in advance of hours worked.

*County's Response: The County shall implement procedures to prevent claims from being paid in advance of the hours worked. Such procedures have already been implemented in the Roads Department.*

## **Inventory Procedures**

During the audit, we noted the following:

- The County Board did not approve the fiscal year 2016 inventory listings.
- No inventory listings were filed for three offices of the County, including the County Attorney's office, the County Sheriff's office, and County owned real estate.
- The County Board does not have a policy in place that dictates what should or should not be included on County officials' inventory listings.
- We noted two items, a small fan and an HP LaserJet Printer, that were located in the County Clerk's office which were not included on the County inventory listing.

Neb. Rev. Stat. § 23-347 (Reissue 2012) states:

*Within two calendar months after the close of each fiscal year, each county official shall make, acknowledge under oath, and file with the county board of his or her county an inventory statement of all county personal property in the custody and possession of said county officer. The county board in each county shall examine into each inventory statement so filed, and, if said statement is correct and proper in every particular, the county board shall deliver each of said inventory statements to the clerk of the county for filing as a public record in said county clerk's office in a manner convenient for reference.*

Neb. Rev. Stat. § 23-348.01 (Reissue 2012) states, in part:

*Within two calendar months after the close of each fiscal year, each county board shall make, or cause to be made, acknowledged under oath, and filed with the county clerk of such county, an inventory statement of all real estate and real property in which such county has any interest of any kind. Such inventory shall include all real estate owned by the county or in which the county has an interest or lien of any kind*

Additionally, sound business practice dictates that the County Board should have an inventory policy that determines which items shall be included on the inventory sheets, and at which dollar thresholds, so that officials are aware which items need to be included on their inventory listings.

When inventory listings are not on file, approved by the board, or contain all County property, the County is not in compliance with State statute. Additionally, there is an increased risk that County property could be lost through fraud or abuse.

We recommend that the County Board implement procedures to ensure that all offices submit complete an accurate inventory listings within two months after the close of each fiscal year and that the County Board provides documented approval for all inventory listings. Additionally, the County Board should implement an inventory policy to assist County officials in the compilation of their inventory listings.

*County's Response: The County shall implement policies and procedures in regards to what is listed on the inventory list and appropriate dollar thresholds. On or about August 23, 2016, the County Board approved 2016 inventory lists that were submitted to the Board at that time. These meeting minutes are available at the courthouse. The inventory listings for the County Sheriff's office, County Attorney's office, and County owned real estate are now available on file at the courthouse. These inventory listings were also approved by the Board on August 23, 2016.*

### **Publication of Board Minutes and Prior Audit Report**

The board minutes for all 24 meetings during the fiscal year were not published within 10 working days after the meeting. Dates of publication for 23 of the meetings ranged from 17 to 27 working days after the board meeting. The June 28, 2016, board meeting minutes had not yet been published at the time of the audit on August 18, 2016. Additionally, the fiscal year 2015 audit report, issued June 28, 2016, was not published.

Neb. Rev. Stat. § 23-122 (Reissue 2012) states:

*The county board of all counties having a population of less than one hundred fifty thousand inhabitants shall cause to be published, within ten working days after the close of each annual, regular, or special meeting of the board, a brief statement of the proceedings thereof which shall also included the amount of each claim allowed, the purpose of the claim, and the name of the claimant, except that the aggregate amount of all payroll claims may be included as one item, in a newspaper of general circulation published in the county . . .*

Neb. Rev. Stat. § 23-1608 (2) (Reissue 2012) specifically provides:

*The county board shall cause to be published in the same manner as the proceedings of the county board a brief statement disclosing the conclusion of the examination and audit and that such audit report is on file with the county clerk.*

When board minutes and audit reports are not published, not only is the County not in compliance with State statute, but the public is not made aware of board actions in a timely manner.

We recommend the County Board implement procedures to ensure that board minutes and the release of the annual audit report are published within the time allowed by law.

*County's Response: The County has implemented procedures to publish the meeting minutes in the next newspaper within 10 days after each meeting. In addition, the County shall publish the fiscal year 2015 audit report and shall implement policies and procedures to ensure subsequent audit reports are timely published.*

### **Review of Delinquent Personal Property Taxes**

A listing of delinquent personal property taxes was not reviewed for inclusion of vendors prior to the payment of claims.

Neb. Rev. Stat. § 23-143 (Reissue 2012), states:

*The county board of any county, whenever the account or claim of any person, firm or corporation against the county is presented to them for allowance, shall procure from the county treasurer a certificate of the amount of delinquent personal taxes assessed against the person, firm or corporation in whose favor the account or claim is presented, and shall deduct from any amount found due upon such account or claim the amount of such tax, and shall forthwith issue a warrant for the balance remaining, if any.*

When claims are not reviewed for delinquent property taxes, the County is not accessing all funds available to them.

We recommend the County Board implement procedures to review claims for delinquent personal property taxes before approved and paid by the County.

*County's Response: The County shall implement policies and procedures to ensure that any delinquent personal property taxes are deducted from any claim. The County Treasurer and Assessor shall determine any current delinquent personal property taxes and notify the Clerk of the same.*

## **CLERK OF THE DISTRICT COURT**

### **Reconciliation Procedures**

A monthly reconciliation was not completed between the bank balance and the accounting records. Records indicate the last reconciliation was completed in April 2014. Specific reconciling items noted include:

- Interest of \$2 earned for the period of January 2014 through June 2016 was not receipted into the accounting records.
- Check's which had cleared the bank were not marked as cleared in the accounting records.
- Ten receipts, totaling \$843, were deposited into the bank account; however, the funds were not receipted into the accounting records. Four of these receipts, totaling \$253, were also included on the Overdue Case Balance Report as amounts owed to the District Court. See Overdue and Outdated Case Balances Comment for more information.

Neb. Rev. Stat. § 25-2209 (Reissue 2008) states:

*The clerk of the district court shall keep records to be called the appearance docket, the trial docket, the journal, the complete record, the execution docket, the fee book, the general index, and the judgment record. Such records may be compiled, filed, and maintained on a computer system.*

(Emphasis added). The Supreme Court Rules, Chapter 6, Article 15 § 6-1523 further clarifies the fee book as:

*[T]he financial accounting record of the court. It records all money receipted and disbursed by the court and the receipts and disbursements of all money held in trust. The fee book shall be maintained in electronic format . . .*

Sound accounting practice and good internal control requires procedures to be in place to ensure a reconciliation of the accounting records to the bank account is completed on at least a monthly basis. Reconciliation procedures should include the timely identification and resolution of all variances. Additionally, sound accounting practice requires all money received by the office to be entered into the accounting system. When accurate bank reconciliations are not completed on a timely basis and all funds are not entered into the accounting system, there is an increased risk of loss, theft, or misuse of funds.

We recommend the Clerk of the District Court implement procedures to ensure a reconciliation of the bank balance to the accounting records is completed on a timely basis, including timely identification and resolution of all variances. Additionally, we recommend the Clerk of the District Court implement procedures to ensure all money received by the office is receipted into the accounting records.

*County's Response: The Clerk of the District Court shall implement policies and procedures to ensure a timely and accurate reconciliation of the bank balance to the accounting records as well as procedures ensuring any money received by the office is receipted into the accounting records.*

### **Overdue and Outdated Balances**

During testing of 36 balances noted as overdue to the court, we noted 35 balances, totaling \$3,270, did not have subsequent action taken by the District Court to ensure the proper collection and/or resolution of the balances. Such subsequent actions would include the issuance of warrants and/or suspensions or the declaration of certain overdue balances as uncollectible. Of these 35 balances, the APA noted the following:

- Twenty-seven civil cases contained service fees, totaling \$944, in which a service return was received from a County Sheriff's office indicating amounts were no longer due.
- One civil case contained filing fees, totaling \$65, which are not current fees and were not due on the case.
- Four civil cases contained filing fees, totaling \$267, in which no explanation could be provided for why the funds were due and not paid at the time the complaint was filed.
- Two criminal cases contained probation fees, totaling \$1,350, which had been dismissed by the Court and were no longer due on the case.
- Three criminal cases contained court costs, totaling \$644, in which no warrant had been issued for the overdue balances.

As of August 12, 2016, overdue balances, excluding restitution judgments, totaled \$5,986.

We also tested six case balances held by the District Court. Five of those cases included money, totaling \$1,450 that should have been refunded to a party in the case. The refunds were over a year overdue in four of the cases.

Good internal control and sound business practices require overdue amounts and trust case balances of the District Court to be reviewed on an ongoing, timely basis to determine what action should be taken to collect, remit, and/or otherwise resolve those balances. Without regular review of case balances, there is an increased risk balances may either not have proper follow-up action taken or have been previously resolved and should no longer be reflected as balances in the accounting system.

We recommend the District Court implement an ongoing, timely review of its Overdue Case Account and Monthly Case Balance reports to ensure timely collection and/or resolution of balances. We also recommend the District Court take appropriate action to address the issues noted above.

*County's Response: The Clerk of the District Court shall implement policies and procedures to ensure timely and accurate review of the Overdue Case Account and Monthly Case Balance reports. In addition, the Clerk of the District Court shall schedule a meeting with a Business System Analyst from the Administrative Office of the Courts to train and assist the Clerk of the District Court on the proper data entry methods and financial administration through the JUSTICE program.*

### **Fines Incorrectly Distributed**

During the fiscal year, the District Court received \$1,000 in State fines that were incorrectly credited to the County General Fund. The funds should have been paid out to the school districts located in the County.

Neb. Rev. Stat. § 29-2708 (Reissue 2008) states, "All money arising from fines and recognizances shall be credited by the county treasurer to the county school fund except as provided by Article VII, Section 5, Constitution of Nebraska."

When fines received are not distributed to the school districts of the County, the District Court is not in compliance with State statute.

We recommend the Clerk of the District Court implement procedures to ensure all State fines are remitted to the school funds.

*County's Response: On or about August 23, 2016, the County Board authorized and directed the Treasurer to transfer \$1,000 from the County General Fund #100 to the School District 100 General Fund #6100 (\$969.92) and the School District VS General Fund #6108 (\$30.08) to correct fines received but not distributed. The resolution authorizing and directing such action is attached hereto as **Exhibit "E."** This transfer occurred August 26, 2016. Going forward, the Treasurer shall make proper distributions of such fines to the school districts.*

### **Reports to the County Board**

The Clerk of the District Court did not file monthly reports containing the financial activity of the office with the County Board.



Neb. Rev. Stat. § 33-106.02 (Reissue 2008) states:

*The clerk shall on or before the fifteenth day of each month make a report to the county board, under oath, showing the different items of such fees, revenue, perquisites, or receipts received, from whom, at what time, and for what service, and the total amount received by such officer since the last report, and also the amount received for the current year.*

When monthly reports are not filed with the County Board, the Board is not made aware of the Court's financial activity and the Clerk of the District Court is not in compliance with State statute.

We recommend the Clerk of the District Court implement procedures to ensure the financial activity of the office is reported to the County Board prior to the fifteenth of each month, in compliance with State statute.

*County's Response: The Clerk of the District Court shall adopt policies and procedures to ensure all required reports are filed with the County Board on a regular and timely basis. The Clerk of the District Court has calendared these dates for the upcoming year.*

## **COUNTY SHERIFF**

### **Sheriff Accounting Procedures**

We noted several issues with the County Sheriff's financial balancing and receipting procedures, as detailed below:

- Bank reconciliations were not performed and a book balance for the bank account was not maintained.
- A monthly asset to liability balancing was not performed, and the County Sheriff's office could not provide a listing of the individuals to whom the monies on hand were due. A long of \$2,348 was noted at June 30, 2016.
- Fees were not remitted to the County Treasurer timely. Fees for January 2015 through June 2016 were not remitted until July 2016.
- Checks received for advance fees were held on hand in the Sheriff's office until papers were served. Checks should be deposited to the bank timely, regardless of when papers are actually served.
- We noted one deposit slip that was prepared June 16, 2016, but not taken to the bank until July 13, 2016.
- Receipts were only written for the fee amounts earned, rather than the total amount collected. Consequently, there was no record of the total amount received in the office.

Neb. Rev. Stat. §33-117(3) (Cum. Supp. 2014) states:

*The sheriff shall, on the first Tuesday in January, April, July, and October of each year . . . Pay all fees earned to the county treasurer who shall credit the fees to the general fund of the county.*

A good internal control plan and sound accounting practices requires timely bank reconciliations and asset to liability reconciliations to be performed timely, and any variances noted to be followed up on appropriately. Good internal controls further require that bank deposits to be made timely, and receipts to be written for all monies received in the office.

When the Sheriff's office does not have adequate balancing and receipting procedures, there is an increased risk for loss and/or misuse of County funds. Furthermore, when fees are not remitted to the Treasurer timely, the Sheriff's office is not in compliance with State statute.

We recommend the County Sheriff implement monthly bank reconciliation and asset to liability balancing procedures. We further recommend that procedures be implemented to ensure that fees are remitted timely, bank deposits are made timely, and receipts are written for all monies received in the office.

*County's Response: The County Sheriff shall implement policies to ensure monthly bank reconciliation, asset to liability balancing procedures, timely bank deposits and proper receipting procedures. The County would note that the Sheriff has purchased a QuickBooks accounting program for him and his secretary to use going forward to aid in implementing these policies.*

### **Sheriff Reports**

State statutes require the County Sheriff to file various reports with the County Board. The Sheriff's Distress Warrant Report and quarterly fee reports were not filed during the fiscal year.

Neb. Rev. Stat. § 77-1719.01 (Reissue 2009) states:

*On or before August 1 of each year, the sheriff shall report to the county board showing the total amount collected on current distress warrants and the amount remaining uncollected.*

Neb. Rev. Stat. § 33-117(3) (Cum. Supp. 2014) states:

*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.*

When required reports are not filed, the County Sheriff is not in compliance with State statute.

We recommend policies and procedures are implemented to ensure all required reports are filed with the County Board.

*County's Response: The County Sheriff shall adopt policies and procedures to ensure all required reports are filed with the County Board on a regular and timely basis. The County Sheriff has calendared these dates for the upcoming year.*

## **COUNTY TREASURER**

### **Receipting Procedures**

During the fiscal year, we noted the following related to the County Treasurer receipt procedures:

- Receipts were not written for 10 tax sale redemptions totaling \$29,563.
- Receipts were written for payroll taxes totaling \$177,175; however, the money was already in the County funds so new money was not actually received by the Treasurer.

Good internal controls and sound business practice require all funds received and disbursed by the County to be reflected in the accounting records. When accounting records do not accurately reflect the activity of the office, there is an increased risk of loss, theft, or misuse of funds.

We recommend the County Treasurer implement procedures to ensure the accounting records reflect the actual activity of the office, and receipts are written for all money received.

*County's Response: As an initial note, the County hereby incorporates by reference the letter of response and its attachment from the Garfield County Treasurer, attached hereto as Exhibit "F."*

*The Treasurer shall set up a holding fund for redemption funds. When original tax certificate and receipts are submitted to the Treasurer, the Treasurer shall take it out of such holding fund and pay to the purchaser the appropriate funds. The Treasurer has implemented this procedure three times as of the date of this letter and uses miscellaneous receipts to track these transfers.*

*With regards to the payroll taxes, this amount is paid into and out of the Imprest account. This procedure was implemented already for the months of August and September.*

### **1099 Forms**

We noted the County Treasurer did not provide an Internal Revenue Service (IRS) 1099-MISC form to an individual that received interest of \$1,382 when a tax sale certificate was redeemed.

Per the U.S Department of the Treasury's IRS Code instructions for form 1099-MISC, the filing of a 1099 form is required for each nonemployee paid compensation of \$600 or more.

When procedures are not in place to ensure conformity with all IRS reporting requirements, there is an increased risk of potential liability related to noncompliance.

We recommend that the County Treasurer develop procedures to ensure that all individuals receiving over \$600 in earnings on tax sales certificates are provided with an IRS Form 1099-MISC for proper reporting.

*County's Response: The Treasurer shall implement policies and procedures, effective as of January 1, 2017, to ensure that the Treasurer issues 1099 forms when appropriate in a timely manner.*

### **Reports to the County Board**

The County Treasurer did not file the real property delinquent tax list and the distress warrant report by October 1, as required by State statute. Both reports were filed November 24.

Neb. Rev. Stat. § 77-1719.02 (Reissue 2009) states:

*On or before October 1 of each year, the county treasurer shall verify this report to the county board, and shall make an itemized report covering the amount uncollected. Such itemized report shall include the number of the distress warrant, the name and address of the taxpayer, the amount involved, and the reason for failure to collect same, or the failure of the sheriff to make a legal return on same.*

Neb. Rev. Stat. § 77-1918 (Reissue 2009) states:

*On or before October 1 of each year, the county treasurer shall make a report in writing to the county board setting out a complete list of all real property in the county on which any taxes are delinquent and which was not sold for want of bidders at the last annual tax sale held in such county.*

When the delinquent tax report and the distress warrant reports are not filed in a timely manner, the County Board is not made aware of delinquent taxes and the County Treasurer is not in compliance with State statute.

We recommend the County Treasurer implement procedures to ensure reports are filed before the due dates specified in statute.

*County's Response: The Treasurer shall adopt policies and procedures to ensure all required reports are filed with the County Board on a regular and timely basis. The County has calendared these dates for the upcoming year.*

### **VETERAN'S SERVICE OFFICER**

#### **Veterans' Services Certificate of Deposit**

We noted the County Veterans' Service Officer controlled one certificate of deposit, totaling \$12,313, as of June 30, 2016. The Veterans' Service Officer does not have statutory authority to invest County money in certificates of deposits.

Neb. Rev. Stat. § 77-2315 (Reissue 2009) states the County Treasurer may invest the County money in a certificate of deposit. Attorney General Opinion Number 98028 states that "neither the veterans service committee nor the veterans service officer has authority to invest those funds in certificates of deposit or otherwise. That responsibility for county funds rests with the county funds treasurer."

When the County Veterans' Service Officer retains excess funds, there is an increased risk of loss or misuse of those funds.

We recommend the County Veterans' Service Officer remit excess funds over to the County Treasurer for investment.

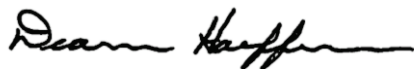
*County's Response: The Treasurer has taken responsibility and oversight of these funds. As of August 24, 2016, the Treasurer's signature is required to approve or disapprove transfers in or out of the newly named Garfield County Treasurer-Veterans' Services maintained at Pathway Bank. Authorization and supporting documentation of such change is attached hereto as Exhibit "G."*

\* \* \* \* \*

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. Where no response has been included, the County declined to respond. 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,



Deann Haeffner  
Assistant Deputy Auditor



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08/31/2016 - Your account is now closed. Your card isn't active anymore, so it won't work if you try to use it. If other people are allowed to use this account, please notify them their card will no longer work. You're responsible for stopping any automatic charges you may have set up on this account. Any charges you authorized before the account closed will post to your account. We'll report your account as closed to the credit bureaus within 30 days of closing it.

09/30/2016 10:31

13083464083

TREASURER

**GARFIELD COUNTY  
TREASURER & CLERK RECAP  
June 30, 2016**

**County Treasurer Balances @ 6/30/16:**

General	24,510.84
Roads	856.82
Roads/Bridges	
S.T.P. Fund	
H.B.P. Fund	
G.I.S.	
Planning/Zoning	551.91
Child Support Agreement	
Visitors' Promotion	75.00
County Library	2,401.68
Library Memorial	
Library Grant	
Drug Enforce. Grants	
Law Enforce. Grants	
Inheritance Tax	
Handicapped Access.	
Visitor's Improvement	97.50
STOP Program	
Visitors' Bureau Grant	
Reg. of Deeds - Preserve.	
Misc. Grants	
Juvenile Services Aid	
<b>Total Treasurer's Balance</b>	<b>28,493.75</b>

6/30/2016 Bank State. Balance	6/30/2016 Outstanding Checks	Each Fund Free Part of B/S Balance	Ending Balance Per Budget Form	(ROUND Per Budge Form
88,984.06	64,473.22	24,510.84	55,255.71	55,
48,287.54	47,430.72	856.82	135,407.20	135,
-	-	-	-	-
-	-	-	85,957.85	85,
-	-	-	15,212.24	15,
10,675.57	10,123.66	551.91	1,380.79	1,
-	-	-	21,514.48	21,
572.50	497.50	75.00	10,187.02	10,
4,757.48	2,355.78	2,401.68	6,090.40	6,
-	-	-	879.82	-
-	-	-	-	-
-	-	-	1,001,810.30	1,001,
-	-	-	(0.00)	-
1,347.50	1,250.00	97.50	4,767.42	4,
-	-	-	1,770.00	1,
-	-	-	2,828.38	2,
4,477.70	4,477.70	-	15,341.42	15,

Add:  
Clerk's B/S Balance @ 6/30/16  
Less:  
Clerk's O/S Checks @ 6/30/16

Total Clerk's Balance

Total County Balance @ 6/30/16

S/B Co. Balance - Per Me & Budget  
Document @ 6/30/16

VARIANCE: (S/B 0.00) (OK)

(0.00)

Total Payroll Tax Paid	General	Road	Planning & Zoning	County Library	Noxious Weeds	(Shortage) or Overpayment	Payroll Tax Owed - b Calculation Below
July 15,952.24	12,597.36	2,953.88	47.85	353.15	-	-	15,952.24
August 15,051.60	12,194.48	2,430.57	63.05	363.50	-	-	15,051.60
September 15,106.71	12,283.64	2,416.82	48.45	357.80	-	-	15,106.71
October 14,752.83	11,806.38	2,735.94	58.66	351.85	-	-	14,752.83
November 14,062.13	11,484.61	2,174.00	50.26	353.26	-	-	14,062.13
December 14,795.55	12,340.10	2,059.75	48.45	347.25	-	-	14,795.55
January 14,346.76	12,107.74	1,841.93	41.95	355.14	-	-	14,346.76
February 14,385.88	12,214.65	1,720.34	52.13	398.76	-	-	14,385.88
March 14,734.88	12,511.99	1,846.65	36.27	339.77	-	-	14,734.88
April 14,114.36	11,841.40	1,889.58	17.56	365.82	-	-	14,114.36
May 14,540.09	12,008.32	2,122.22	44.77	364.78	-	-	14,540.09
June 15,332.18	12,536.41	2,405.17	49.67	340.93	-	-	15,332.18
<b>Total Payroll Tax Paid</b>	<b>145,727.08</b>	<b>26,596.85</b>	<b>559.07</b>	<b>4,292.01</b>	<b>-</b>	<b>-</b>	<b>177,175.01</b>

**OTHER NEEDED INFORMATION:**

Gross Wages 714,541.01  
(Includes Pre-Tax, not subject to FICA)

B/State. Balance

Account # 6/30/2016

0101135291 &lt;&lt;(Closed)

0100281019 159,102.33

Total

Bank Balance

Variance: (S/B 0.00)  
(OK)

Total Payroll Tax Paid by County Treasurer  
Less: Federal FICA/FIT Tax Withheld (Above)  
Less: SIT Tax Withheld (paid by NE EFTPS)

126,135.75  
(18,095.85)  
108,039.90

Total Shortage of SS Tax Paid (still owed to IRS)

5,009.26 (OK)

(All Funds) Gross Payroll	(All Funds) SIT W/Held	(Including SIT) (All Funds) Payroll Tax Withheld	(All Funds) Other Withholding	(All Funds) Total Net Pay	Employer SS/Medicare Tax Exp.	SS/Medicare Wages	Transfers Clerk Acc From Treas
July 62,940.83	1,662.06	11,422.47	7,349.75	44,168.60	4,529.77	59,212.48	225,730.7
August 60,539.72	1,528.85	10,722.13	7,193.93	42,623.66	4,329.47	56,593.50	147,448.2
September 60,479.56	1,545.44	10,781.91	7,183.44	42,514.21	4,324.80	56,533.34	122,442.6
October 58,986.30	1,512.19	10,538.70	7,389.47	41,058.13	4,214.13	55,086.64	176,305.6
November 57,250.54	1,408.26	9,984.31	7,353.36	39,912.87	4,077.82	53,304.32	144,223.4
December 59,553.14	1,517.76	10,541.61	7,405.88	41,605.65	4,253.94	55,606.92	160,640.4
January 58,421.44	1,456.00	10,181.25	7,374.20	40,865.99	4,165.51	54,450.83	109,472.4
February 58,426.14	1,467.94	10,220.05	7,410.38	40,795.71	4,165.83	54,455.53	111,565.2
March 59,052.12	1,535.31	10,520.94	7,457.78	41,073.40	4,213.74	55,081.51	135,937.4
April 57,584.42	1,422.86	10,013.58	7,376.89	40,174.15	4,100.78	53,605.01	125,435.8
May 59,127.18	1,480.19	10,319.77	7,441.21	41,366.20	4,220.32	55,167.77	113,424.8
June 62,198.62	1,560.99	10,889.03	7,772.40	43,538.19	4,443.15	58,080.69	191,647.9
<b>TOTALS</b>	<b>714,541.01</b>	<b>18,095.85</b>	<b>126,135.75</b>	<b>88,708.49</b>	<b>499,696.76</b>	<b>51,039.26</b>	<b>1,764,475.5</b>
				<b>VARIANCE</b>	<b>0.01</b>	<b>&lt;&lt; OK</b>	<b>(Payroll Tax)</b>

July 225,730.7  
August 147,448.2  
September 122,442.6  
October 176,305.6  
November 144,223.4  
December 160,640.4  
January 109,472.4  
February 111,565.2  
March 135,937.4  
April 125,435.8  
May 113,424.8  
June 191,647.9  
Total paid to  
Co. Clerk A/C  
Add:  
EFTPS Paid  
Total Paid by  
Co. Treasurer  
Versus:  
Co. Treas.  
6 Mo. Reports  
Variance  
(OK)



COUNTY TREASURER'S OFFICE  
GARFIELD COUNTY NEBRASKA

MISCELLANEOUS RECEIPT

ID: 12163

RECEIVED ON : AUGUST 18, 2016  
RECEIVED FOR : MISC CASH TO DEPOSIT IN MISC REVENUE PER PAIGE M  
RECEIVED FROM: GARFIELD COUNTY CLERKS OFFICE

COUNTY GENERAL      100-540-01    MISC. REVENUE

115.00

LINDA S THOENE  
GARFIELD COUNTY TREASURER

AUG 18 2016

PAYMENT BY CASH    TH





## REMIT TO:

P.O. Box 406  
Seward, NE 68434  
Phone: 402-646-2019  
Email: AR@PlainsEG.com  
www.PlainsEquipmentGroup.com

McCook, NE 308-345-2730  
North Platte, NE 308-532-5080  
Oberlin, KS 785-475-3833  
York, NE 402-362-6807  
Osceola, NE 402-747-2051  
Seward, NE 402-643-3818  
David City, NE 402-367-3838  
Crate, NE 402-826-4347  
Geneva, NE 402-759-3139  
Broken Bow, NE 308-872-2487  
Ord, NE 308-728-7770  
Ainsworth, NE 402-387-1800  
O'Neill, NE 402-336-1800  
Elkhorn, NE 402-238-2211  
Gretna, NE 402-332-4967

Customer Account Number	53450
<input type="checkbox"/> GARFIELD COUNTY DEPT. OF ROADS P.O. BOX 218 BURWELL NE 68823	

## STATEMENT

Statement as of: 7/29/2016

Page 1 of 1

Date	Location	Reference	PO No	Description	Charges	Payments & Credits	Balance
6/17/2016	Seward	160578		Payment Received	(\$87.07)	\$0.00	(\$87.07)

CURRENT	30 DAYS	60 DAYS	90 DAYS	120 DAYS	Credit Balance DO NOT PAY
\$0.00	(\$87.07)	\$0.00	\$0.00	\$0.00	(\$87.07)

Thank You for Your Business!

Please forward payment by the 15th of the month to avoid late charges

There will be a 1.5% interest charge per month (18% annual) on balances unpaid after the 15th.

## Remittance Slip - Tear Off This Portion &amp; Return With Your Payment

Account Number	53450	Account Name	GARFIELD COUNTY DEPT. OF ROADS GARFIELD6691		
Statement as of: 7/29/2016	REMIT TO: P.O. Box 406 Seward, NE 68434 Phone: 402-646-2019 Email: AR@PlainsEG.com www.PlainsEquipmentGroup.com				TOTAL PAID
CURRENT	30 DAYS	60 DAYS	90 DAYS	120 DAYS	Credit Balance DO NOT PAY
\$0.00	(\$87.07)	\$0.00	\$0.00	\$0.00	(\$87.07)

**Resolution 2016-16**

**WHEREAS**, pursuant to recommendation from Nebraska State Auditor's, the Garfield County Treasurer is hereby directed to correct miscellaneous receipt #11867 dated July 6, 2015 for District Court fines.

**WHEREAS**, the Garfield County Treasurer is directed to transfer \$1000.00 from County General Fund #100 and \$969.92 is to be receipted into School District 100 General Fund #6100 and \$30.08 receipted into School District V5 General Fund #6108.

**NOW, THEREFORE, BE IT RESOLVED**, by the Garfield County Commissioners of Garfield County, Nebraska, that the Garfield County Treasurer is hereby authorized and directed to complete this transfer.

Approved and Adopted on this 23<sup>rd</sup> day of August, 2016.

  
Paige Mead Measner, Chairman

  
Scott Krause, Commissioner

  
Vance Lee Jeffres, Commissioner

ATTEST:   
Stacia Quinn, Garfield County Clerk

REVLS1  
9/02/16  
10:28AM

GARFIELD  
REVENUE LISTING  
8/01/2016 TO 8/31/2016  
JOURNAL ENTRY

PAGE: 1

*****				
08232016	DESCRIPTION 1: PER RESOLUTION 2016-16 - TRANSFER FROM CO GENERAL TO SD#100	PAYMENT BY DIRECT DEPOSIT LT		
	DESCRIPTION 2: & SD#V5 (CORRECT MISC RECPT #11867 DIST CT FINES COLLECTED)			
	DATE: 08/26/2016			
	100-590-02	INTER-FUND TRANSFERS	1,000.00-	
	6108-590-02	INTER FUND TRANSFERS	969.92	
	6108-590-02	INTER FUND TRANSFERS	30.08	
		TOTAL	.00	
-----				
08312016	DESCRIPTION 1: TRANSFER FROM CO GENERAL TO PLANNING & ZONING			
	DESCRIPTION 2:			
	DATE: 08/31/2016			
	100-590-02	INTER-FUND TRANSFERS	5,000.00-	
	960-590-02	INTER-FUND TRANSFERS	5,000.00	
		TOTAL	.00	
-----				

09/30/2016 10:31 13083464083

TREASURER

PAGE 08/12

09/30/2016 FRI 10:20 [TX/RX NO 9693] 008

COUNTY TREASURER'S OFFICE  
GARFIELD COUNTY NEBRASKA

MISCELLANEOUS RECEIPT

ID: 11867

RECEIVED ON : JULY 6, 2015  
RECEIVED FOR : DISTRICT COURT FEES  
RECEIVED FROM: GARFIELD COUNTY DISTRICT COURT

COUNTY GENERAL 100-380-<sup>01</sup>~~08~~ FEES & COSTS - DIST. COURT 1,070.00

*Corrected Revenue Code  
7-23-2015*

LINDA S THOENE  
GARFIELD COUNTY TREASURER

PAYMENT BY CHECK LT

COUNTY TREASURER'S OFFICE  
GARFIELD COUNTY NEBRASKA

MISCELLANEOUS RECEIPT

ID: 11867

RECEIVED ON : JULY 6, 2015  
RECEIVED FOR : DISTRICT COURT FEES  
RECEIVED FROM: GARFIELD COUNTY DISTRICT COURT

COUNTY GENERAL 100-380-08 FEES & COSTS - DIST. COURT 1,070.00

LINDA S THOENE  
GARFIELD COUNTY TREASURER

PAYMENT BY CHECK LT

PAGE 10/12

TREASURER

09/30/2016 10:31 13083464083

## GARFIELD COUNTY DISTRICT COURT

2788

Check No. 2788

Petition	35-
Issuance of Writ	20-
Complete Record	15-
Fines	1,000-
<hr/>	
	1,070-

FOR PAYMENT INFORMATION, CALL 1-877-631-9973  
PLEASE CASH WITHIN 30 DAYS

09/30/2016 FRI 10:20 [TX/RX NO 9693] 010

**GARFIELD COUNTY TREASURER  
LINDA S. THOENE  
250 SOUTH 8<sup>TH</sup> STREET  
P. O. BOX 511  
BURWELL, NE 68823-0511  
PHONE 308/346-4125  
FAX 308/346-4083**

Attachment to letter of response to the Garfield County audit for the period July 1, 2015, to June 30, 2016.

I have signed the letter as Garfield County Treasurer agreeing with all points in the letter EXCEPT #6 and #7.

There were some issues found during the audit with actions of the Garfield County Clerk. These are detailed below:

There was a missing refund check that Stacia Quinn, Garfield County Clerk, signed. In the past, all refunds due the county have been receipted by the treasurer's office as a miscellaneous receipt back into the fund it was initially spent out of. Where did this refund of \$35.00 go? And was it the only refund issued to Garfield County that did not get receipted?

The Garfield County Clerk obtained a credit card. No documentation has been found where the County Board approved the opening of this credit card account. When the Garfield County credit card received cash back rewards that was not receipted by the treasurer's office as a miscellaneous receipt into a county fund. Where did this cash back reward of \$17.00 go? And was it the only one?

The Garfield County Clerk brought back to the courthouse 2 or 3 tote bags that were free gifts from Quill orders. Her response to us was: "Here are the bags I have been accused of stealing. I only took them home to get them out from under my desk." But my question is: where are the Rachel Ray Cruet Set, Lunch Tote, Soup Bowl Set, and Casserole Dish that were free gifts from Quill orders?

These things may seem small scale, but these things are wrong. These funds are not for employee personal use. They are county taxpayer funds and we need to spend properly and wisely.



Linda S. Thoene  
Garfield County Treasurer

**Resolution 2016-17**

**WHEREAS**, pursuant to Nebraska Revised State Statute Section 77-2315, Attorney General Opinion 98028 and recommendation from the Nebraska State Auditor's, the Garfield County Veteran's Service CD shall be renamed 'Garfield County Treasurer-Veteran's Services'.

**NOW, THEREFORE, BE IT RESOLVED**, by the Garfield County Commissioners of Garfield County, Nebraska, that the Garfield County Treasurer is hereby authorized and directed to complete this change.

Approved and Adopted on this 23rd day of August, 2016.

  
Paige Mead Measner, Chairman

  
Scott Krause, Commissioner

  
Vance Lee Jeffres, Commissioner

ATTEST:   
Stacia Quinn, Garfield County Clerk