

**AUDIT REPORT
OF
GARFIELD COUNTY**

JULY 1, 2016, THROUGH JUNE 30, 2017

**This document is an official public record of the State of Nebraska, issued by
the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original
document and may be prohibited by law.**

Issued on August 14, 2017

GARFIELD COUNTY

TABLE OF CONTENTS

	<u>Page</u>
List of County Officials	1
Financial Section	
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 - 20
Budgetary Comparison Schedule - Budget and Actual - Major Funds	21
Budgetary Comparison Schedule - Budget and Actual - Nonmajor Funds	22 - 25
Combining Statement of Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Nonmajor Governmental Funds	26 - 28
Schedule of Office Activities	29
Schedule of Taxes Certified and Collected for All Political Subdivisions in the County	30
Government Auditing Standards Section	
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>	31 - 32

GARFIELD COUNTY

P.O. Box 218

Burwell, NE 68823

LIST OF COUNTY OFFICIALS

At June 30, 2017

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	Lee Jeffres	Jan. 2019
	Scott Krause	Jan. 2019
	Paige Measner	Jan. 2021
Assessor	Linda Molesworth	Jan. 2019
Attorney	Dale Crandall	Jan. 2019
Clerk	Keri Koenigsberg	Jan. 2019
Election Commissioner		
Register of Deeds		
Clerk of the District Court		
Sheriff	Larry Donner	Jan. 2019
Emergency Manager		
Treasurer	Linda Thoene	Jan. 2019
Veterans' Service Officer	Timothy Rowse	Appointed
Weed Superintendent	Jimmy Petersen	Appointed
Highway Superintendent	Gary Kinney	Appointed



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

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, 2017, 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, 2017, and the respective changes in cash-basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Emphasis of Matters – Basis of Accounting

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

Report on Supplementary Information

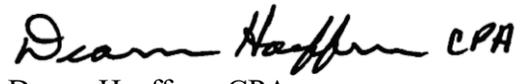
Our audit was conducted for the purpose of forming opinions on the financial statements as a whole, which collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes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

The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, pages 19-30, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 3, 2017, on our consideration of Garfield County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Garfield County's internal control over financial reporting and compliance.

August 3, 2017


Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

GARFIELD COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2017

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 1,117,033
TOTAL ASSETS	<u><u>\$ 1,117,033</u></u>
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 33,722
Library	12,792
Preservation of Records	3,813
Road Maintenance	53,409
Child Support Enforcement	47,667
Unrestricted	965,630
TOTAL NET POSITION	<u><u>\$ 1,117,033</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, 2017

Functions:	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ (895,193)	\$ 73,878	\$ 26,153	\$ (795,162)
Public Safety	(373,572)	1,681	12,868	(359,023)
Public Works	(828,011)	-	345,548	(482,463)
Public Assistance	(20,794)	-	-	(20,794)
Culture and Recreation	(71,853)	1,171	200	(70,482)
Total Governmental Activities	\$ (2,189,423)	\$ 76,730	\$ 384,769	(1,727,924)
General Receipts:				
Property Taxes				1,241,115
Grants and Contributions Not Restricted to Specific Programs				168,425
Investment Income				419
Licenses and Permits				8,604
Miscellaneous				48,092
Total General Receipts				1,466,655
Increase in Net Position				(261,269)
Net Position - Beginning of year				1,378,302
Net Position - End of year				\$ 1,117,033

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, 2017

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents (Note 1.D)	\$ 66,534	\$ 141,490	\$ 754,904	\$ 154,105	\$ 1,117,033
Investments (Note 1.D)	-	-	-	-	-
TOTAL ASSETS	\$ 66,534	\$ 141,490	\$ 754,904	\$ 154,105	\$ 1,117,033
 FUND BALANCES					
Restricted for:					
Visitor Promotion	-	-	-	33,722	33,722
Library	-	-	-	12,792	12,792
Preservation of Records	-	-	-	3,813	3,813
Road Maintenance	-	-	-	53,409	53,409
Child Support Enforcement	-	-	-	47,667	47,667
Committed to:					
Law Enforcement	-	-	-	2,120	2,120
Planning and Zoning	-	-	-	582	582
Road Maintenance	-	141,490	-	-	141,490
Assigned to:					
Other Purposes	-	-	754,904	-	754,904
Unassigned	66,534	-	-	-	66,534
TOTAL CASH BASIS FUND BALANCES	\$ 66,534	\$ 141,490	\$ 754,904	\$ 154,105	\$ 1,117,033

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, 2017

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Property Taxes	\$ 1,139,751	\$ -	\$ 26,955	\$ 74,409	\$ 1,241,115
Licenses and Permits	7,804	-	-	800	8,604
Investment Income	419	-	-	-	419
Intergovernmental	125,280	345,548	-	82,366	553,194
Charges for Services	73,734	-	-	2,996	76,730
Miscellaneous	6,929	29,449	-	11,714	48,092
TOTAL RECEIPTS	<u>1,353,917</u>	<u>374,997</u>	<u>26,955</u>	<u>172,285</u>	<u>1,928,154</u>
DISBURSEMENTS					
General Government	883,841	-	10,862	490	895,193
Public Safety	306,564	-	-	67,008	373,572
Public Works	48,239	693,814	-	85,958	828,011
Public Assistance	20,794	-	-	-	20,794
Culture and Recreation	4,000	-	-	67,853	71,853
TOTAL DISBURSEMENTS	<u>1,263,438</u>	<u>693,814</u>	<u>10,862</u>	<u>221,309</u>	<u>2,189,423</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>90,479</u>	<u>(318,817)</u>	<u>16,093</u>	<u>(49,024)</u>	<u>(261,269)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	263,000	324,900	-	37,200	625,100
Transfers out	(362,100)	-	(263,000)	-	(625,100)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(99,100)</u>	<u>324,900</u>	<u>(263,000)</u>	<u>37,200</u>	<u>-</u>
Net Change in Fund Balances	(8,621)	6,083	(246,907)	(11,824)	(261,269)
CASH BASIS FUND BALANCES - BEGINNING					
	<u>75,155</u>	<u>135,407</u>	<u>1,001,811</u>	<u>165,929</u>	<u>1,378,302</u>
CASH BASIS FUND BALANCES - ENDING					
	<u>\$ 66,534</u>	<u>\$ 141,490</u>	<u>\$ 754,904</u>	<u>\$ 154,105</u>	<u>\$ 1,117,033</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, 2017

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 115,513
 LIABILITIES	
Due to other governments	
State	36,396
Schools	54,514
Educational Service Units	893
Technical College	6,437
Natural Resource Districts	2,221
Fire Districts	1,274
Municipalities	10,115
Agricultural Society	654
Others	3,009
TOTAL LIABILITIES	115,513
 TOTAL NET ASSETS	 \$ -

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

GARFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2017

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 \$5,186 toward the operation of the Region during fiscal year 2017. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Department of Health and Human Services requires the Region to be audited annually in accordance with State statute. Financial information for the Region is available in those audit reports.

GARFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Health Department – The County has entered into an agreement with the Loup Basin Public Health Department (Department) to provide public health services. The agreement was established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636 (Reissue 2009, Cum. Supp. 2016).

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 2017. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Cum. Supp. 2016). Financial information for the Department is available in that report.

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

The governing board of Region 26 includes a representative from each of the participating county boards. Each county contributes financial support to Region 26. The County’s contribution in fiscal year 2017 was \$52,953. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement.

B. Basis of Presentation

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

The statement of 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

GARFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as general receipts.

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

The County reports the following major governmental funds:

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

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

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

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.

GARFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

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

C. Measurement Focus, Basis of Accounting

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

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

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.

GARFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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.

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 \$151,403 of restricted net position, which is fully restricted by enabling legislation.

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

GARFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

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 \$1,117,033 for County funds and \$115,513 for Fiduciary funds. The bank balances for all funds totaled \$1,227,778. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2017, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

3. **Property Taxes**

Property taxes are levied by the County Board on or before October 15 of each year for all political subdivisions in the County. Real estate and personal property taxes are due and attach as an enforceable lien on January 1 following the levy date, and they become delinquent in two equal installments on May 1 and September 1. Motor vehicle taxes are due when application is made for registration of a motor vehicle.

Counties are permitted by the State Constitution to levy a tax of up to \$.50/\$100 of assessed valuation for general governmental services other than the payment of principal and interest on bonded debt. Counties may levy taxes in addition to the 50-cent limitation upon a vote of the people.

GARFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Property Taxes** (Concluded)

The levy set in October 2016, for the 2016 taxes, which will be materially collected in May and September 2017, was set at \$.266694/\$100 of assessed valuation. The levy set in October 2015, for the 2015 taxes, which were materially collected in May and September 2016, was set at \$.306334/\$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. 2016) and may be amended through legislative action.

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

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

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.

GARFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

4. Retirement System (Concluded)

For the year ended June 30, 2017, 27 employees contributed \$32,480, and the County contributed \$48,291. Contributions included \$912 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 89 counties and local governments throughout Nebraska.

The County pays an annual deposit premium, as calculated by the administrator of the pool. The premium is based on the losses and exposures of each County and the entire pool. If the pool becomes insolvent or otherwise unable to discharge its legal liabilities and obligations, the County may be assessed 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.

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 2018. The County has not had to pay out any amounts that exceeded coverage provided by the pool in the last three fiscal years.

GARFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

6. Interfund Transfers

Interfund transfers for the year ended June 30, 2017, consisted of the following:

<u>Transfers to</u>	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
Road Fund	\$ 324,900	\$ -	\$ -	\$ 324,900
General Fund	-	263,000	-	263,000
Nonmajor Funds	37,200	-	-	37,200
Total	\$ 362,100	\$ 263,000	\$ -	\$ 625,100

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:

	Road Equipment	Vehicle	Total
Balance July 1, 2016	\$ 237,804	\$ 10,490	\$ 248,294
Purchases	72,500		72,500
Payments	30,545	4,151	34,696
Balance June 30, 2017	\$ 279,759	\$ 6,339	\$ 286,098
Future Payments:			
Year			
2018	\$ 53,016	\$ 4,287	\$ 57,303
2019	52,357	2,144	54,501
2020	52,164	-	52,164
2021	27,071	-	27,071
2022	27,071	-	27,071
2023-2027	108,286	-	108,286
Total Payments	319,965	6,431	326,396
Less Interest	40,206	92	40,298
Present Value of Future Minimum Lease Payments	\$ 279,759	\$ 6,339	\$ 286,098
Carrying Value of the Related Fixed Asset	\$ 643,070	\$ 24,358	\$ 667,428

GARFIELD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 1,207,190	\$ 1,207,190	\$ 1,139,751	\$ (67,439)
Licenses and Permits	7,685	7,685	7,804	119
Interest	425	425	419	(6)
Intergovernmental	45,404	45,404	125,280	79,876
Charges for Services	71,841	71,841	73,734	1,893
Miscellaneous	12,550	12,550	6,929	(5,621)
TOTAL RECEIPTS	1,345,095	1,345,095	1,353,917	8,822
DISBURSEMENTS				
General Government:				
County Board	43,095	43,095	40,498	2,597
County Clerk	119,630	119,630	102,679	16,951
County Treasurer	95,330	95,330	91,592	3,738
County Assessor	140,980	140,980	136,614	4,366
Election Commissioner	16,350	16,350	8,039	8,311
Clerk of the District Court	39,900	39,900	13,158	26,742
County Court System	12,325	12,325	3,101	9,224
Building and Grounds	117,310	117,310	32,678	84,632
Reappraisal	18,000	18,000	-	18,000
Agricultural Extension Agent	28,160	28,160	26,986	1,174
Miscellaneous	500,650	500,650	428,496	72,154
Public Safety				
County Sheriff	146,081	146,081	130,521	15,560
County Attorney	86,715	86,715	80,420	6,295
County Jail	45,500	45,500	40,849	4,651
Miscellaneous	62,955	62,955	54,774	8,181
Public Works				
Noxious Weed Control	82,065	82,065	44,464	37,601
Miscellaneous	3,776	3,776	3,775	1
Public Health				
Miscellaneous	16,740	16,740	-	16,740
Public Assistance				
Veterans' Service Officer	13,365	13,365	12,073	1,292
Miscellaneous	15,030	15,030	8,721	6,309
Culture and Recreation				
Miscellaneous	4,000	4,000	4,000	-
TOTAL DISBURSEMENTS	1,607,957	1,607,957	1,263,438	344,519

(Continued)

GARFIELD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(262,862)	(262,862)	90,479	353,341
OTHER FINANCING SOURCES (USES)				
Transfers in	1,077,110	1,077,110	263,000	(814,110)
Transfers out	(661,000)	(661,000)	(362,100)	298,900
TOTAL OTHER FINANCING SOURCES (USES)	<u>416,110</u>	<u>416,110</u>	<u>(99,100)</u>	<u>(515,210)</u>
Net Change in Fund Balance	153,248	153,248	(8,621)	(161,869)
FUND BALANCE - BEGINNING	<u>55,256</u>	<u>55,256</u>	<u>75,155</u>	<u>19,899</u>
FUND BALANCE - ENDING	<u>\$ 208,504</u>	<u>\$ 208,504</u>	<u>\$ 66,534</u>	<u>\$ (141,970)</u>

(Concluded)

GARFIELD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 439,020	\$ 439,020	\$ 345,548	\$ (93,472)
Miscellaneous	23,025	23,025	29,449	6,424
TOTAL RECEIPTS	<u>462,045</u>	<u>462,045</u>	<u>374,997</u>	<u>(87,048)</u>
DISBURSEMENTS	<u>1,189,855</u>	<u>1,189,855</u>	<u>693,814</u>	<u>496,041</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(727,810)</u>	<u>(727,810)</u>	<u>(318,817)</u>	<u>408,993</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	610,000	610,000	324,900	(285,100)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>610,000</u>	<u>610,000</u>	<u>324,900</u>	<u>(285,100)</u>
Net Change in Fund Balance	(117,810)	(117,810)	6,083	123,893
FUND BALANCE - BEGINNING	135,407	135,407	135,407	-
FUND BALANCE - ENDING	<u>\$ 17,597</u>	<u>\$ 17,597</u>	<u>\$ 141,490</u>	<u>\$ 123,893</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 75,000	\$ 75,000	\$ 26,955	\$ (48,045)
Interest	299	299	-	(299)
TOTAL RECEIPTS	<u>75,299</u>	<u>75,299</u>	<u>26,955</u>	<u>(48,344)</u>
DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>10,862</u>	<u>(10,862)</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>75,299</u>	<u>75,299</u>	<u>16,093</u>	<u>(59,206)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(1,077,110)	(1,077,110)	(263,000)	814,110
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,077,110)</u>	<u>(1,077,110)</u>	<u>(263,000)</u>	<u>814,110</u>
Net Change in Fund Balance	(1,001,811)	(1,001,811)	(246,907)	754,904
FUND BALANCE - BEGINNING	1,001,811	1,001,811	1,001,811	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 754,904</u>	<u>\$ 754,904</u>

GARFIELD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
HIGHWAY STREET BUYBACK FUND				
Receipts	\$ 31,987	\$ 31,987	\$ 31,987	\$ -
Disbursements	(117,945)	(117,945)	(85,958)	31,987
Net Change in Fund Balance	(85,958)	(85,958)	(53,971)	31,987
Fund Balance - Beginning	85,958	85,958	85,958	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,987</u>	<u>\$ 31,987</u>
HIGHWAY BRIDGE BUYBACK FUND				
Receipts	\$ 6,209	\$ 6,209	\$ 6,210	\$ 1
Disbursements	(21,421)	(21,421)	-	21,421
Net Change in Fund Balance	(15,212)	(15,212)	6,210	21,422
Fund Balance - Beginning	15,212	15,212	15,212	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,422</u>	<u>\$ 21,422</u>
GEOGRAPHICAL INFORMATION SYSTEM FUND				
Disbursements	\$ (20,000)	\$ (20,000)	\$ (16,800)	\$ 3,200
Transfers in	20,000	20,000	16,800	(3,200)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
PLANNING & ZONING FUND				
Receipts	\$ 650	\$ 650	\$ 800	\$ 150
Disbursements	(28,090)	(28,090)	(21,999)	6,091
Transfers in	28,000	28,000	20,400	(7,600)
Net Change in Fund Balance	560	560	(799)	(1,359)
Fund Balance - Beginning	1,381	1,381	1,381	-
Fund Balance - Ending	<u>\$ 1,941</u>	<u>\$ 1,941</u>	<u>\$ 582</u>	<u>\$ (1,359)</u>
CHILD SUPPORT ENFORCEMENT INCENTIVE FUND				
Receipts	\$ 25,000	\$ 25,000	\$ 26,153	\$ 1,153
Disbursements	(46,514)	(46,514)	-	46,514
Net Change in Fund Balance	(21,514)	(21,514)	26,153	47,667
Fund Balance - Beginning	21,514	21,514	21,514	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,667</u>	<u>\$ 47,667</u>

(Continued)

GARFIELD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VISITOR'S PROMOTION FUND				
Receipts	\$ 15,000	\$ 15,000	\$ 23,286	\$ 8,286
Disbursements	(22,970)	(22,970)	(8,928)	14,042
Net Change in Fund Balance	(7,970)	(7,970)	14,358	22,328
Fund Balance - Beginning	10,187	10,187	10,187	-
Fund Balance - Ending	<u>\$ 2,217</u>	<u>\$ 2,217</u>	<u>\$ 24,545</u>	<u>\$ 22,328</u>
VISITOR'S IMPROVEMENT FUND				
Receipts	\$ 15,499	\$ 15,499	\$ 11,572	\$ (3,927)
Disbursements	(17,450)	(17,450)	(7,163)	10,287
Net Change in Fund Balance	(1,951)	(1,951)	4,409	6,360
Fund Balance - Beginning	4,768	4,768	4,768	-
Fund Balance - Ending	<u>\$ 2,817</u>	<u>\$ 2,817</u>	<u>\$ 9,177</u>	<u>\$ 6,360</u>
PRESERVATION & MODERNIZATION FUND				
Receipts	\$ 1,372	\$ 1,372	\$ 1,475	\$ 103
Disbursements	(3,750)	(3,750)	(490)	3,260
Net Change in Fund Balance	(2,378)	(2,378)	985	3,363
Fund Balance - Beginning	2,828	2,828	2,828	-
Fund Balance - Ending	<u>\$ 450</u>	<u>\$ 450</u>	<u>\$ 3,813</u>	<u>\$ 3,363</u>
LIBRARY FUND				
Receipts	\$ 55,710	\$ 55,710	\$ 56,446	\$ 736
Disbursements	(54,775)	(54,775)	(51,762)	3,013
Net Change in Fund Balance	935	935	4,684	3,749
Fund Balance - Beginning	6,090	6,090	6,090	-
Fund Balance - Ending	<u>\$ 7,025</u>	<u>\$ 7,025</u>	<u>\$ 10,774</u>	<u>\$ 3,749</u>
LIBRARY MEMORIAL FUND				
Receipts	\$ 3,000	\$ 3,000	\$ 270	\$ (2,730)
Disbursements	(3,000)	(3,000)	-	3,000
Net Change in Fund Balance	-	-	270	270
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 270</u>	<u>\$ 270</u>

(Continued)

GARFIELD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
LIBRARY GRANT FUND				
Receipts	\$ 50,000	\$ 50,000	\$ 868	\$ (49,132)
Disbursements	(50,880)	(50,880)	-	50,880
Net Change in Fund Balance	(880)	(880)	868	1,748
Fund Balance - Beginning	880	880	880	-
Fund Balance - Ending	\$ -	\$ -	\$ 1,748	\$ 1,748
STOP PROGRAM FUND				
Receipts	\$ 3,230	\$ 3,230	\$ 350	\$ (2,880)
Disbursements	(5,000)	(5,000)	-	5,000
Net Change in Fund Balance	(1,770)	(1,770)	350	2,120
Fund Balance - Beginning	1,770	1,770	1,770	-
Fund Balance - Ending	\$ -	\$ -	\$ 2,120	\$ 2,120
JUVENILE SERVICES AID FUND				
Receipts	\$ 27,460	\$ 27,460	\$ 12,868	\$ (14,592)
Disbursements	(42,801)	(42,801)	(28,209)	14,592
Net Change in Fund Balance	(15,341)	(15,341)	(15,341)	-
Fund Balance - Beginning	15,341	15,341	15,341	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -
DRUG LAW ENFORCEMENT GRANT FUND				
Receipts	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Disbursements	(1,000)	(1,000)	-	1,000
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -
LAW ENFORCEMENT GRANTS FUND				
Receipts	\$ 5,500	\$ 5,500	\$ -	\$ (5,500)
Disbursements	(5,500)	(5,500)	-	5,500
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

(Continued)

GARFIELD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
MISCELLANEOUS GRANT FUND				
Receipts	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)
Disbursements	(100,000)	(100,000)	-	100,000
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
COUNTY VISITOR'S BUREAU GRANT FUND				
Receipts	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Disbursements	-	-	-	-
Net Change in Fund Balance	10,000	10,000	-	(10,000)
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ (10,000)</u>
HANDICAPPED ACCESSIBILITY FUND				
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, 2017

	Highway Street Buyback Fund	Highway Bridge Buyback Fund	Geographical Information System Fund	Planning & Zoning Fund	Child Support Enforcement Incentive Fund
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	800	-
Intergovernmental	31,987	6,210	-	-	26,153
Charges for Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
TOTAL RECEIPTS	<u>31,987</u>	<u>6,210</u>	<u>-</u>	<u>800</u>	<u>26,153</u>
DISBURSEMENTS					
General Government	-	-	-	-	-
Public Safety	-	-	16,800	21,999	-
Public Works	85,958	-	-	-	-
Culture and Recreation	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>85,958</u>	<u>-</u>	<u>16,800</u>	<u>21,999</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(53,971)</u>	<u>6,210</u>	<u>(16,800)</u>	<u>(21,199)</u>	<u>26,153</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	16,800	20,400	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>16,800</u>	<u>20,400</u>	<u>-</u>
Net Change in Fund Balances	(53,971)	6,210	-	(799)	26,153
FUND BALANCES - BEGINNING	<u>85,958</u>	<u>15,212</u>	<u>-</u>	<u>1,381</u>	<u>21,514</u>
FUND BALANCES - ENDING	<u>\$ 31,987</u>	<u>\$ 21,422</u>	<u>\$ -</u>	<u>\$ 582</u>	<u>\$ 47,667</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
Library	-	-	-	-	-
Preservation of Records	-	-	-	-	-
Road Maintenance	31,987	21,422	-	-	-
Child Support Enforcement	-	-	-	-	47,667
Committed to:					
Law Enforcement	-	-	-	-	-
Planning and Zoning	-	-	-	582	-
TOTAL FUND BALANCES	<u>\$ 31,987</u>	<u>\$ 21,422</u>	<u>\$ -</u>	<u>\$ 582</u>	<u>\$ 47,667</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, 2017

	Visitor's Promotion Fund	Visitor's Improvement Fund	Preservation & Modernization Fund	Library Fund	Library Memorial Fund
RECEIPTS					
Property Taxes	\$ 11,572	\$ 11,572	\$ -	\$ 51,265	\$ -
Licenses and Permits	-	-	-	-	-
Intergovernmental	-	-	-	4,948	-
Charges for Services	-	-	1,475	233	270
Miscellaneous	11,714	-	-	-	-
TOTAL RECEIPTS	<u>23,286</u>	<u>11,572</u>	<u>1,475</u>	<u>56,446</u>	<u>270</u>
DISBURSEMENTS					
General Government	-	-	490	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Culture and Recreation	8,928	7,163	-	51,762	-
TOTAL DISBURSEMENTS	<u>8,928</u>	<u>7,163</u>	<u>490</u>	<u>51,762</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>14,358</u>	<u>4,409</u>	<u>985</u>	<u>4,684</u>	<u>270</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	14,358	4,409	985	4,684	270
FUND BALANCES - BEGINNING	<u>10,187</u>	<u>4,768</u>	<u>2,828</u>	<u>6,090</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 24,545</u>	<u>\$ 9,177</u>	<u>\$ 3,813</u>	<u>\$ 10,774</u>	<u>\$ 270</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	24,545	9,177	-	-	-
Library	-	-	-	10,774	270
Preservation of Records	-	-	3,813	-	-
Road Maintenance	-	-	-	-	-
Child Support Enforcement	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Planning and Zoning	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 24,545</u>	<u>\$ 9,177</u>	<u>\$ 3,813</u>	<u>\$ 10,774</u>	<u>\$ 270</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, 2017

	Library Grant Fund	STOP Program Fund	Juvenile Services Aid Fund	Total Nonmajor Governmental Funds
RECEIPTS				
Property Taxes	\$ -	\$ -	\$ -	\$ 74,409
Licenses and Permits	-	-	-	800
Intergovernmental	200	-	12,868	82,366
Charges for Services	668	350	-	2,996
Miscellaneous	-	-	-	11,714
TOTAL RECEIPTS	<u>868</u>	<u>350</u>	<u>12,868</u>	<u>172,285</u>
DISBURSEMENTS				
General Government	-	-	-	490
Public Safety	-	-	28,209	67,008
Public Works	-	-	-	85,958
Culture and Recreation	-	-	-	67,853
TOTAL DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>28,209</u>	<u>221,309</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>868</u>	<u>350</u>	<u>(15,341)</u>	<u>(49,024)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	37,200
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,200</u>
Net Change in Fund Balances	868	350	(15,341)	(11,824)
FUND BALANCES - BEGINNING	<u>880</u>	<u>1,770</u>	<u>15,341</u>	<u>165,929</u>
FUND BALANCES - ENDING	<u>\$ 1,748</u>	<u>\$ 2,120</u>	<u>\$ -</u>	<u>\$ 154,105</u>
FUND BALANCES:				
Restricted for:				
Visitor Promotion	-	-	-	33,722
Library	1,748	-	-	12,792
Preservation of Records	-	-	-	3,813
Road Maintenance	-	-	-	53,409
Child Support Enforcement	-	-	-	47,667
Committed to:				
Law Enforcement	-	2,120	-	2,120
Planning and Zoning	-	-	-	582
TOTAL FUND BALANCES	<u>\$ 1,748</u>	<u>\$ 2,120</u>	<u>\$ -</u>	<u>\$ 154,105</u>

(Concluded)

GARFIELD COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2017

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	County Library	Veterans' Service Officer	County Assessor	Total
BALANCES JULY 1, 2016	\$ 2,897	\$ 9,641	\$ 6,879	\$ 50	\$ -	\$ 13,620	\$ 50	\$ 33,137
RECEIPTS								
Licenses and Permits	375	-	-	-	-	-	-	375
Charges for Services	14,778	845	1,967	90	251	-	48	17,979
Miscellaneous	-	-	-	-	1,382	4	-	1,386
State Fees	15,182	3,462	-	-	-	-	-	18,644
Other Liabilities	-	87,114	9,785	381	-	-	-	97,280
TOTAL RECEIPTS	30,335	91,421	11,752	471	1,633	4	48	135,664
DISBURSEMENTS								
Payments to County Treasurer	15,371	1,003	7,344	130	1,371	10,000	18	35,237
Payments to State Treasurer	16,128	4,047	-	-	-	-	-	20,175
Other Liabilities	120	89,863	9,014	381	-	480	30	99,888
TOTAL DISBURSEMENTS	31,619	94,913	16,358	511	1,371	10,480	48	155,300
BALANCES JUNE 30, 2017	<u>\$ 1,613</u>	<u>\$ 6,149</u>	<u>\$ 2,273</u>	<u>\$ 10</u>	<u>\$ 262</u>	<u>\$ 3,144</u>	<u>\$ 50</u>	<u>\$ 13,501</u>
BALANCES CONSIST OF:								
Due to County Treasurer	\$ 944	\$ 50	\$ 1,242	\$ 10	\$ 262	\$ 3,144	\$ -	\$ 5,652
Petty Cash	50	-	-	-	-	-	50	100
Due to State Treasurer	619	98	-	-	-	-	-	717
Due to Others	-	6,001	1,031	-	-	-	-	7,032
BALANCES JUNE 30, 2017	<u>\$ 1,613</u>	<u>\$ 6,149</u>	<u>\$ 2,273</u>	<u>\$ 10</u>	<u>\$ 262</u>	<u>\$ 3,144</u>	<u>\$ 50</u>	<u>\$ 13,501</u>

GARFIELD COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2017

Item	2012	2013	2014	2015	2016
Tax Certified by Assessor					
Real Estate	\$ 3,768,996	\$ 3,997,234	\$ 4,374,466	\$ 4,874,280	\$ 5,132,898
Personal and Specials	239,102	245,566	260,023	225,074	210,868
Total	4,008,098	4,242,800	4,634,489	5,099,354	5,343,766
Corrections					
Additions	1,396	5,778	2,839	2,823	298
Deductions	(5,891)	(1,735)	(1,132)	(6,010)	(3,510)
Net Additions/ (Deductions)	(4,495)	4,043	1,707	(3,187)	(3,212)
Corrected Certified Tax	4,003,603	4,246,843	4,636,196	5,096,167	5,340,554
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2013	2,367,038	-	-	-	-
June 30, 2014	1,632,435	2,571,200	-	-	-
June 30, 2015	2,587	1,672,448	2,833,314	-	-
June 30, 2016	247	1,684	1,797,155	3,099,223	-
June 30, 2017	245	258	5,051	1,995,845	3,246,336
Total Net Collections	4,002,552	4,245,590	4,635,520	5,095,068	3,246,336
Total Uncollected Tax	\$ 1,051	\$ 1,253	\$ 676	\$ 1,099	\$ 2,094,218
Percentage Uncollected Tax	0.03%	0.03%	0.01%	0.02%	39.21%

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

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, 2017, and the related notes to the financial statements, which collectively comprise Garfield County's basic financial statements, and have issued our report thereon dated August 3, 2017. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a

deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency to be a material weakness:

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

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

Compliance and Other Matters

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

Additional Items

We also noted certain matters that we reported to the management of Garfield County in a separate letter dated August 3, 2017.

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

August 3, 2017



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

August 3, 2017

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, 2017, and have issued our report thereon dated August 3, 2017. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

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

COUNTY OVERALL

Segregation of Duties

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

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

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

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

COUNTY BOARD

Inventory Policy

During our audit, we noted the following regarding the County's inventory procedures:

- The County Board does not have a policy in place that dictates what should or should not be included on the County officials' inventory listings.
- The County was unable to provide documentation that the Extension office's inventory listing was approved by the County Board.
- The County Sheriff's inventory listing was received September 8, 2016, after the statutory due date of August 31.

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

Within two calendar months after the close of each fiscal year, each county officer 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.

Additionally, sound business practice requires the County Board to have an inventory policy that determines which items should be included on the inventory listings, 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, and approved by the board, 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 the County Board implement procedures to ensure that all offices submit complete and accurate inventory listings within two months after the close of each fiscal year, and the County Board provides documented approval for all inventory listings. Additionally, the County Board should adopt an inventory policy to assist County officials in the compilation of their inventory listings.

County's Response: Board of Commissioners adopted an inventory policy on July 25, 2017.

Duplicate Payment

During our audit, we noted that the County paid the same invoice twice. Claim # 17050102 and # 17060115 both paid a vendor \$1,371. At the time of our testing, the County had not received a refund or credit to its account.

Good internal controls require procedures to be in place for an adequate review of all claims prior to approval to ensure the claims are not a duplicate payment. Without such procedures, there is an increased risk for loss or misuse of funds.

We recommend the County Board implement a process to ensure claims are not paid twice for the same invoice and contact the vendor in this specific case to ask for a refund.

County's Response: There is now a credit on account for \$1,371.

CLERK OF THE DISTRICT COURT

Review of Case Balances

During testing of five case balances held by the District Court, we noted four balances, totaling \$1,300, that should have been refunded to a party in the case.

Good internal control and sound business practices require all trust case balances held by the District Court to be reviewed on an ongoing, timely basis to ensure they are proper and current.

When trust balances are not reviewed on a consistent and timely basis, there is an increased risk that they will be neither correct nor current.

We recommend the Clerk of the District Court implement procedures for a timely review of all trust balances to ensure that they are correct and current.

County's Response: The Clerk of the District Court recently attended Justice Financial Training and will be working with a business analyst to clear up the balances on the cases.

Distribution of Fines

During our audit, we noted the Clerk of the District Court remitted \$1,400 in fines to the County General Fund, rather than the school funds, resulting in money not being distributed to the County schools.

Neb. Rev. Stat. § 29-2708 (Reissue 2016) 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"

We recommend procedures be implemented to ensure that fines are deposited in the school funds to ensure monies are correctly distributed to the schools.

County's Response: The Clerk and the County Treasurer and I have gotten together and discussed the coding for distribution of funds.

COUNTY LIBRARY

Petty Cash Fund

We noted the following regarding the County Library's petty cash fund:

- The County Library's petty cash fund was not approved by the County Board.
- At the time of our audit, the County Library's petty cash fund contained \$262, but no documentation was maintained to support that the amount on hand was proper.

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

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.

When petty cash funds are not approved by the County Board, the County is not in compliance with State statute. Additionally, when adequate records regarding the receipt and disbursement of petty cash funds are not maintained, there is an increased risk for the loss or misuse of funds.

We recommend the County Board approve all petty cash funds maintained by County offices. Additionally, we recommend the County Library implement procedures to document adequately the receipt and disbursement of petty cash funds to support the amount of cash on hand.

County's Response: The Board of Commissioners will be approving a petty cash fund and collections fund at the August 8, 2017 Commissioners Meeting.

COUNTY SHERIFF

Balancing Procedures

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

- A monthly asset-to-liability reconciliation was not performed, resulting in an unknown amount of \$1,242. The Sheriff was unable to identify the rightful owner of these funds.
- Receipts were not written for all money received in the office.

Sound accounting practice and good internal controls require that procedures be in place to ensure office assets (cash on hand, reconciled bank balance, accounts receivable, etc.) are in agreement with office liabilities (fee and trust accounts) on at least a monthly basis. Balancing procedures should include the timely identification and resolution of all variances noted. Additionally, sound accounting practice also requires receipts to be written for all money received in the office.

Without proper oversight of transaction activity and a failure to determine asset-to-liability balancing variances, and when receipts are not written for all money received, there is an increased risk of loss, theft, or misuse of funds, allowing errors to go undetected more easily.

We recommend the County Sheriff implement balancing procedures to ensure assets agree to liabilities at all times, and all unexplained variances are reviewed in a timely manner. We further recommend that receipts be written for all money received in the office.

County's Response: Sheriff remitted \$242 to County Treasurer on August 3, 2017, to bring the amount down to \$1,000.

* * * * *

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