

**AUDIT REPORT
OF
GARFIELD COUNTY**

JULY 1, 2019, THROUGH JUNE 30, 2020

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the Auditor of Public Accounts.**

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Issued on November 5, 2020

GARFIELD COUNTY

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GARFIELD COUNTY
250 S. 8th
Burwell, NE 68823

LIST OF COUNTY OFFICIALS
At June 30, 2020

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	Lee Jeffres	Jan. 2023
	Scott Krause	Jan. 2023
	Diana Hurlburt	Jan. 2021
Assessor Planning and Zoning	Kali Swett	Jan. 2023
Attorney	Dale Crandall	Jan. 2023
Clerk Election Commissioner Register of Deeds Clerk of the District Court	Keri Koenigsberg	Jan. 2023
Sheriff Emergency Manager	Larry Donner	Jan. 2023
Treasurer	Linda Thoene	Jan. 2023
Surveyor	Steven Rasmussen	Appointed
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
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, 2020, 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, 2020, 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.

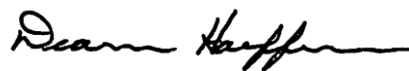
Report on Supplementary Information

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 17-27, 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 November 2, 2020, 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.



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

November 2, 2020

GARFIELD COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2020

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 589,111
TOTAL ASSETS	\$ 589,111
 NET POSITION	
Restricted for:	
Visitor Promotion	\$ 32,483
Library	21,155
Preservation of Records	4,790
Road Maintenance	135,296
Unrestricted	395,387
TOTAL NET POSITION	\$ 589,111

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, 2020

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	\$ (1,029,517)	\$ 84,935	\$ 19,234	\$ (925,348)
Public Safety	(224,573)	3,388	4,819	(216,366)
Public Works	(1,471,160)	193	632,920	(838,047)
Public Assistance	(14,963)	-	-	(14,963)
Culture and Recreation	(81,755)	218	1,367	(80,170)
Total Governmental Activities	<u>\$ (2,821,968)</u>	<u>\$ 88,734</u>	<u>\$ 658,340</u>	<u>(2,074,894)</u>

General Receipts:

Property Taxes	1,505,424
Grants and Contributions Not Restricted to Specific Programs	160,062
Investment Income	952
Licenses and Permits	11,248
Miscellaneous	6,721
Total General Receipts	<u>1,684,407</u>

Increase in Net Position	(390,487)
Net Position - Beginning of year	979,598
Net Position - End of year	<u>\$ 589,111</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, 2020

	General Fund	Road Fund	Inheritance Fund	Highway Street Buyback Fund	Disaster Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents (Note 1.D)	\$ 145,414	\$ 10,147	\$ 235,696	\$ 94,322	\$ 5	\$ 103,527	\$ 589,111
TOTAL ASSETS	\$ 145,414	\$ 10,147	\$ 235,696	\$ 94,322	\$ 5	\$ 103,527	\$ 589,111
FUND BALANCES							
Restricted for:							
Visitor Promotion	-	-	-	-	-	32,483	32,483
Library	-	-	-	-	-	21,155	21,155
Preservation of Records	-	-	-	-	-	4,790	4,790
Road Maintenance	-	-	-	94,322	-	40,974	135,296
Committed to:							
Law Enforcement	-	-	-	-	-	3,770	3,770
Road Maintenance	-	10,147	-	-	-	-	10,147
Disaster Recovery	-	-	-	-	5	-	5
Planning and Zoning	-	-	-	-	-	355	355
Assigned to:							
Other Purposes	-	-	235,696	-	-	-	235,696
Unassigned	145,414	-	-	-	-	-	145,414
TOTAL CASH BASIS FUND BALANCES	\$ 145,414	\$ 10,147	\$ 235,696	\$ 94,322	\$ 5	\$ 103,527	\$ 589,111

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, 2020

	General Fund	Road Fund	Inheritance Fund	Highway Street Buyback Fund	Disaster Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS							
Property Taxes	\$1,178,286	\$ -	\$ 252,174	\$ -	\$ -	\$ 74,964	\$ 1,505,424
Licenses and Permits	9,858	-	-	-	-	1,390	11,248
Investment Income	952	-	-	-	-	-	952
Intergovernmental	178,374	406,921	-	34,979	184,156	13,972	818,402
Charges for Services	85,814	193	-	-	-	2,727	88,734
Miscellaneous	4,418	986	-	-	-	1,317	6,721
TOTAL RECEIPTS	<u>1,457,702</u>	<u>408,100</u>	<u>252,174</u>	<u>34,979</u>	<u>184,156</u>	<u>94,370</u>	<u>2,431,481</u>
DISBURSEMENTS							
General Government	1,005,039	-	-	-	-	24,478	1,029,517
Public Safety	224,573	-	-	-	-	-	224,573
Public Works	49,712	669,748	-	38,682	713,018	-	1,471,160
Public Assistance	14,963	-	-	-	-	-	14,963
Culture and Recreation	-	-	-	-	-	81,755	81,755
TOTAL DISBURSEMENTS	<u>1,294,287</u>	<u>669,748</u>	<u>-</u>	<u>38,682</u>	<u>713,018</u>	<u>106,233</u>	<u>2,821,968</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>163,415</u>	<u>(261,648)</u>	<u>252,174</u>	<u>(3,703)</u>	<u>(528,862)</u>	<u>(11,863)</u>	<u>(390,487)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	122,000	270,414	184,156	-	424,200	36,800	1,037,570
Transfers out	(158,800)	-	(561,200)	-	(317,570)	-	(1,037,570)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(36,800)</u>	<u>270,414</u>	<u>(377,044)</u>	<u>-</u>	<u>106,630</u>	<u>36,800</u>	<u>-</u>
Net Change in Fund Balances	126,615	8,766	(124,870)	(3,703)	(422,232)	24,937	(390,487)
CASH BASIS FUND BALANCES - BEGINNING	<u>18,799</u>	<u>1,381</u>	<u>360,566</u>	<u>98,025</u>	<u>422,237</u>	<u>78,590</u>	<u>979,598</u>
CASH BASIS FUND BALANCES - ENDING	<u>\$ 145,414</u>	<u>\$ 10,147</u>	<u>\$ 235,696</u>	<u>\$ 94,322</u>	<u>\$ 5</u>	<u>\$ 103,527</u>	<u>\$ 589,111</u>

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

GARFIELD COUNTY
STATEMENT OF CASH BASIS NET POSITION
FIDUCIARY FUNDS
June 30, 2020

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 232,271
 LIABILITIES	
Due to other governments	
State	47,246
Schools	94,828
Educational Service Units	1,377
Technical College	8,953
Natural Resource Districts	3,368
Fire Districts	1,925
Municipalities	16,198
Agricultural Society	993
Airport Authority	1,328
District Court Trust Funds	49,800
Others	6,255
TOTAL LIABILITIES	232,271
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, 2020

1. **Summary of Significant Accounting Policies**

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

A. Reporting Entity

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

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

Joint Organization.

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

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$5,226 toward the operation of the Region during fiscal year 2020. 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.

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 2018).

GARFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 2020. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Cum. Supp. 2018). Financial information for the Department is available in that report.

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

The governing board of Region 26 includes representatives from the participating entity governing bodies. Each entity contributes to the financial support of Region 26 based on formulas developed by the governing board. Garfield County contributed \$55,289 during fiscal year 2020. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement.

B. Basis of Presentation

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

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

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

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

GARFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

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.

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

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

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.

GARFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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.

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

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

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

GARFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 \$193,724 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.

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

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

Excess of Disbursements Over Appropriations. For the year ended June 30, 2020, disbursements exceeded budgeted appropriations in the Veterans' Service Officer function of the General Fund by \$463. These over-expenditures were funded by the available fund balance in the General Fund.

2. **Deposits and Investments**

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

At year end, the County's carrying amount of deposits was \$589,111 for County funds and \$232,271 for Fiduciary funds. The bank balances for all funds totaled \$814,446. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2020, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

GARFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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 2019, for the 2019 taxes, which will be materially collected in May and September 2020, was set at \$.288310/\$100 of assessed valuation. The levy set in October 2018, for the 2018 taxes, which were materially collected in May and September 2019, was set at \$.275336/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

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

4. Retirement System

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

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

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

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

For the year ended June 30, 2020, 23 employees contributed \$36,010, and the County contributed \$53,506. Contributions included \$1,018 in cash contributions towards the supplemental law enforcement plan for two law enforcement employees.

GARFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. Risk Management

The County is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association (NIRMA), a public entity risk pool currently operating as a common risk management and insurance program for 98 counties and local governments throughout Nebraska.

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

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

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

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

6. Interfund Transfers

Interfund transfers for the year ended June 30, 2020, consisted of the following:

Transfers to	Transfers from			Total
	General Fund	Inheritance Fund	Disaster Fund	
Road Fund	\$ 137,000	\$ -	\$ 133,414	\$ 270,414
Inheritance Fund	-	-	184,156	184,156
General Fund	-	122,000	-	122,000
Disaster Fund	-	424,200	-	424,200
Nonmajor Funds	21,800	15,000	-	36,800
Total	\$ 158,800	\$ 561,200	\$ 317,570	\$ 1,037,570

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.

GARFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

6. Interfund Transfers (Concluded)

In the year ended June 30, 2020, the County made a one-time transfer of \$133,414 from the Disaster Fund to the Road Fund to reimburse costs originally paid from the Road Fund. Additionally, during the fiscal year, the County received Federal reimbursement of \$184,156 that was deposited to the Disaster Fund. This was then subsequently transferred to the Inheritance Fund because the Disaster Fund was originally funded by transfers from the Inheritance Fund.

7. Capital Leases Payable

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

	<u>Motor Grader</u>
Balance July 1, 2019	\$ 166,648
Purchases	-
Payments	21,378
Balance June 30, 2020	\$ 145,270
 Future Payments:	
Year	
2021	\$ 27,071
2022	27,071
2023	27,072
2024	27,072
2025	27,071
2026-2030	27,072
Total Payments	162,429
Less Interest	17,159
Present Value of Future Minimum Lease Payments	\$ 145,270
Carrying Value of the Related Fixed Asset	\$ 227,000

8. Contingent Liabilities

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

GARFIELD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 1,295,200	\$ 1,295,200	\$ 1,178,286	\$ (116,914)
Licenses and Permits	8,110	8,110	9,858	1,748
Interest	1,400	1,400	952	(448)
Intergovernmental	42,452	42,452	178,374	135,922
Charges for Services	122,480	122,480	85,814	(36,666)
Miscellaneous	9,750	9,750	4,418	(5,332)
TOTAL RECEIPTS	<u>1,479,392</u>	<u>1,479,392</u>	<u>1,457,702</u>	<u>(21,690)</u>
DISBURSEMENTS				
General Government:				
County Board	56,125	56,125	55,737	388
County Clerk	111,990	111,990	100,109	11,881
County Treasurer	109,240	109,240	101,938	7,302
County Assessor	148,440	148,440	111,598	36,842
Election Commissioner	16,700	16,700	8,506	8,194
Clerk of the District Court	32,700	32,700	18,062	14,638
County Court System	10,145	10,145	2,944	7,201
Building and Grounds	114,144	114,144	71,894	42,250
Reappraisal	42,000	42,000	8,550	33,450
Agricultural Extension Agent	31,180	31,180	28,582	2,598
Miscellaneous	655,688	655,688	497,119	158,569
Public Safety				
County Sheriff	174,687	174,687	140,169	34,518
County Attorney	82,710	82,710	77,708	5,002
County Jail	52,000	52,000	6,696	45,304
Public Works				
Noxious Weed Control	91,694	91,694	49,712	41,982
Public Assistance				
Veterans' Service Officer	14,500	14,500	14,963	(463)
TOTAL DISBURSEMENTS	<u>1,743,943</u>	<u>1,743,943</u>	<u>1,294,287</u>	<u>449,656</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(264,551)</u>	<u>(264,551)</u>	<u>163,415</u>	<u>427,966</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	683,345	683,345	122,000	(561,345)
Transfers out	(397,000)	(397,000)	(158,800)	238,200
TOTAL OTHER FINANCING SOURCES (USES)	<u>286,345</u>	<u>286,345</u>	<u>(36,800)</u>	<u>(323,145)</u>
Net Change in Fund Balance	21,794	21,794	126,615	104,821
FUND BALANCE - BEGINNING	<u>18,799</u>	<u>18,799</u>	<u>18,799</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 40,593</u>	<u>\$ 40,593</u>	<u>\$ 145,414</u>	<u>\$ 104,821</u>

GARFIELD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 737,696	\$ 737,696	\$ 406,921	\$ (330,775)
Charges for Services	-	-	193	193
Miscellaneous	24,600	24,600	986	(23,614)
TOTAL RECEIPTS	762,296	762,296	408,100	(354,196)
DISBURSEMENTS	1,084,764	1,084,764	669,748	415,016
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(322,468)	(322,468)	(261,648)	60,820
OTHER FINANCING SOURCES (USES)				
Transfers in	350,000	350,000	270,414	(79,586)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	350,000	350,000	270,414	(79,586)
Net Change in Fund Balance	27,532	27,532	8,766	(18,766)
FUND BALANCE - BEGINNING	1,381	1,381	1,381	-
FUND BALANCE - ENDING	\$ 28,913	\$ 28,913	\$ 10,147	\$ (18,766)
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 175,000	\$ 175,000	\$ 252,174	\$ 77,174
TOTAL RECEIPTS	175,000	175,000	252,174	77,174
DISBURSEMENTS	-	-	-	-
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	175,000	175,000	252,174	77,174
OTHER FINANCING SOURCES (USES)				
Transfers in	500,000	500,000	184,156	(315,844)
Transfers out	(1,035,566)	(1,035,566)	(561,200)	474,366
TOTAL OTHER FINANCING SOURCES (USES)	(535,566)	(535,566)	(377,044)	158,522
Net Change in Fund Balance	(360,566)	(360,566)	(124,870)	235,696
FUND BALANCE - BEGINNING	360,566	360,566	360,566	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 235,696	\$ 235,696

(Continued)

GARFIELD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
HIGHWAY STREET BUYBACK FUND				
RECEIPTS				
Intergovernmental	\$ 34,979	\$ 34,979	\$ 34,979	\$ -
TOTAL RECEIPTS	<u>34,979</u>	<u>34,979</u>	<u>34,979</u>	<u>-</u>
 DISBURSEMENTS	 <u>133,004</u>	 <u>133,004</u>	 <u>38,682</u>	 <u>94,322</u>
 EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	 <u>(98,025)</u>	 <u>(98,025)</u>	 <u>(3,703)</u>	 <u>94,322</u>
 FUND BALANCE - BEGINNING	 <u>98,025</u>	 <u>98,025</u>	 <u>98,025</u>	 <u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,322</u>	<u>\$ 94,322</u>
 DISASTER FUND				
RECEIPTS				
Intergovernmental	\$ 1,865,542	\$ 1,865,542	\$ 184,156	\$(1,681,386)
TOTAL RECEIPTS	<u>1,865,542</u>	<u>1,865,542</u>	<u>184,156</u>	<u>(1,681,386)</u>
 DISBURSEMENTS	 <u>2,140,000</u>	 <u>2,140,000</u>	 <u>713,018</u>	 <u>1,426,982</u>
 EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	 <u>(274,458)</u>	 <u>(274,458)</u>	 <u>(528,862)</u>	 <u>(254,404)</u>
 OTHER FINANCING SOURCES (USES)				
Transfers in	352,221	352,221	424,200	71,979
Transfers out	<u>(500,000)</u>	<u>(500,000)</u>	<u>(317,570)</u>	<u>182,430</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(147,779)</u>	<u>(147,779)</u>	<u>106,630</u>	<u>254,409</u>
 Net Change in Fund Balance	 <u>(422,237)</u>	 <u>(422,237)</u>	 <u>(422,232)</u>	 <u>5</u>
FUND BALANCE - BEGINNING	<u>422,237</u>	<u>422,237</u>	<u>422,237</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 5</u>

(Concluded)

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

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
HIGHWAY BRIDGE BUYBACK FUND				
Receipts	\$ 6,864	\$ 6,864	\$ 6,864	\$ -
Disbursements	(40,974)	(40,974)	-	40,974
Net Change in Fund Balance	(34,110)	(34,110)	6,864	40,974
Fund Balance - Beginning	34,110	34,110	34,110	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,974</u>	<u>\$ 40,974</u>

**GEOGRAPHICAL INFORMATION
SYSTEM FUND**

Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(20,000)	(20,000)	(16,800)	3,200
Transfers in	20,000	20,000	16,800	(3,200)
Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PLANNING & ZONING FUND

Receipts	\$ 1,425	\$ 1,425	\$ 1,390	\$ (35)
Disbursements	(26,804)	(26,804)	(7,678)	19,126
Transfers in	24,000	24,000	5,000	(19,000)
Transfers out	-	-	-	-
Net Change in Fund Balance	(1,379)	(1,379)	(1,288)	91
Fund Balance - Beginning	1,643	1,643	1,643	-
Fund Balance - Ending	<u>\$ 264</u>	<u>\$ 264</u>	<u>\$ 355</u>	<u>\$ 91</u>

VISITOR'S PROMOTION FUND

Receipts	\$ 11,000	\$ 11,000	\$ 14,157	\$ 3,157
Disbursements	(30,220)	(30,220)	(12,425)	17,795
Net Change in Fund Balance	(19,220)	(19,220)	1,732	20,952
Fund Balance - Beginning	20,623	20,623	20,623	-
Fund Balance - Ending	<u>\$ 1,403</u>	<u>\$ 1,403</u>	<u>\$ 22,355</u>	<u>\$ 20,952</u>

(Continued)

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

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VISITOR'S IMPROVEMENT FUND				
Receipts	\$ 11,000	\$ 11,000	\$ 13,542	\$ 2,542
Disbursements	(17,100)	(17,100)	(10,553)	6,547
Net Change in Fund Balance	(6,100)	(6,100)	2,989	9,089
Fund Balance - Beginning	7,139	7,139	7,139	-
Fund Balance - Ending	<u>\$ 1,039</u>	<u>\$ 1,039</u>	<u>\$ 10,128</u>	<u>\$ 9,089</u>
PRESERVATION AND MODERNIZATION FUND				
Receipts	\$ 1,525	\$ 1,525	\$ 1,859	\$ 334
Disbursements	(4,456)	(4,456)	-	4,456
Net Change in Fund Balance	(2,931)	(2,931)	1,859	4,790
Fund Balance - Beginning	2,931	2,931	2,931	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,790</u>	<u>\$ 4,790</u>
LIBRARY FUND				
Receipts	\$ 57,675	\$ 57,675	\$ 53,839	\$ (3,836)
Disbursements	(58,777)	(58,777)	(58,777)	-
Transfers in	-	-	15,000	15,000
Transfers out	-	-	-	-
Net Change in Fund Balance	(1,102)	(1,102)	10,062	11,164
Fund Balance - Beginning	7,872	7,872	7,872	-
Fund Balance - Ending	<u>\$ 6,770</u>	<u>\$ 6,770</u>	<u>\$ 17,934</u>	<u>\$ 11,164</u>
LIBRARY MEMORIAL FUND				
Receipts	\$ 750	\$ 750	\$ 10	\$ (740)
Disbursements	(782)	(782)	-	782
Net Change in Fund Balance	(32)	(32)	10	42
Fund Balance - Beginning	32	32	32	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42</u>	<u>\$ 42</u>
LIBRARY GRANT FUND				
Receipts	\$ 10,880	\$ 10,880	\$ 2,059	\$ (8,821)
Disbursements	(12,000)	(12,000)	-	12,000
Net Change in Fund Balance	(1,120)	(1,120)	2,059	3,179
Fund Balance - Beginning	1,120	1,120	1,120	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,179</u>	<u>\$ 3,179</u>

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

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
STOP PROGRAM FUND				
Receipts	\$ 880	\$ 880	\$ 650	\$ (230)
Disbursements	(4,000)	(4,000)	-	4,000
Net Change in Fund Balance	(3,120)	(3,120)	650	3,770
Fund Balance - Beginning	3,120	3,120	3,120	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,770</u>	<u>\$ 3,770</u>
DRUG LAW ENFORCEMENT GRANT FUND				
Receipts	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Disbursements	(1,000)	(1,000)	-	1,000
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LAW ENFORCEMENT GRANTS FUND				
Receipts	\$ 5,500	\$ 5,500	\$ -	\$ (5,500)
Disbursements	(5,500)	(5,500)	-	5,500
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
MISCELLANEOUS GRANTS FUND				
Receipts	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)
Disbursements	(100,000)	(100,000)	-	100,000
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
JUVENILE SERVICES AID FUND				
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>

(Continued)

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

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>HANDICAPPED ACCESSIBILITY FUND</u>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(3,000)	(3,000)	-	3,000
Transfers in	3,000	3,000	-	(3,000)
Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Concluded)

GARFIELD COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	Highway Bridge Buyback Fund	Geographical Information System Fund	Planning & Zoning Fund	Visitor's Promotion Fund	Visitor's Improvement Fund
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ -	\$ 13,542	\$ 13,542
Licenses and Permits	-	-	1,390	-	-
Intergovernmental	6,864	-	-	-	-
Charges for Services	-	-	-	-	-
Miscellaneous	-	-	-	615	-
TOTAL RECEIPTS	<u>6,864</u>	<u>-</u>	<u>1,390</u>	<u>14,157</u>	<u>13,542</u>
DISBURSEMENTS					
General Government	-	16,800	7,678	-	-
Culture and Recreation	-	-	-	12,425	10,553
TOTAL DISBURSEMENTS	<u>-</u>	<u>16,800</u>	<u>7,678</u>	<u>12,425</u>	<u>10,553</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>6,864</u>	<u>(16,800)</u>	<u>(6,288)</u>	<u>1,732</u>	<u>2,989</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	16,800	5,000	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>16,800</u>	<u>5,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	6,864	-	(1,288)	1,732	2,989
FUND BALANCES - BEGINNING	<u>34,110</u>	<u>-</u>	<u>1,643</u>	<u>20,623</u>	<u>7,139</u>
FUND BALANCES - ENDING	<u>\$ 40,974</u>	<u>\$ -</u>	<u>\$ 355</u>	<u>\$ 22,355</u>	<u>\$ 10,128</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	22,355	10,128
Library	-	-	-	-	-
Preservation of Records	-	-	-	-	-
Road Maintenance	40,974	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Planning and Zoning	-	-	355	-	-
TOTAL FUND BALANCES	<u>\$ 40,974</u>	<u>\$ -</u>	<u>\$ 355</u>	<u>\$ 22,355</u>	<u>\$ 10,128</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, 2020

	Preservation and Modernization Fund	Library Fund	Library Memorial Fund	Library Grant Fund	STOP Program Fund	Total Nonmajor Governmental Funds
RECEIPTS						
Property Taxes	\$ -	\$ 47,880	\$ -	\$ -	\$ -	\$ 74,964
Licenses and Permits	-	-	-	-	-	1,390
Intergovernmental	-	5,741	-	1,367	-	13,972
Charges for Services	1,859	218	-	-	650	2,727
Miscellaneous	-	-	10	692	-	1,317
TOTAL RECEIPTS	<u>1,859</u>	<u>53,839</u>	<u>10</u>	<u>2,059</u>	<u>650</u>	<u>94,370</u>
DISBURSEMENTS						
General Government	-	-	-	-	-	24,478
Culture and Recreation	-	58,777	-	-	-	81,755
TOTAL DISBURSEMENTS	<u>-</u>	<u>58,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,233</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,859</u>	<u>(4,938)</u>	<u>10</u>	<u>2,059</u>	<u>650</u>	<u>(11,863)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	15,000	-	-	-	36,800
Transfers out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,800</u>
Net Change in Fund Balances	1,859	10,062	10	2,059	650	24,937
FUND BALANCES - BEGINNING	<u>2,931</u>	<u>7,872</u>	<u>32</u>	<u>1,120</u>	<u>3,120</u>	<u>78,590</u>
FUND BALANCES - ENDING	<u>\$ 4,790</u>	<u>\$ 17,934</u>	<u>\$ 42</u>	<u>\$ 3,179</u>	<u>\$ 3,770</u>	<u>\$ 103,527</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	32,483
Library	-	17,934	42	3,179	-	21,155
Preservation of Records	4,790	-	-	-	-	4,790
Road Maintenance	-	-	-	-	-	40,974
Committed to:						
Law Enforcement	-	-	-	-	3,770	3,770
Planning and Zoning	-	-	-	-	-	355
TOTAL FUND BALANCES	<u>\$ 4,790</u>	<u>\$ 17,934</u>	<u>\$ 42</u>	<u>\$ 3,179</u>	<u>\$ 3,770</u>	<u>\$ 103,527</u>

(Concluded)

GARFIELD COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2020

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	County Library	Veterans' Service Officer	County Assessor	County Treasurer	Total
BALANCES JULY 1, 2019	\$ 2,500	\$ 889	\$ 602	\$ -	\$ 70	\$ 888	\$ 61	\$ 50	\$ 5,060
RECEIPTS									
Property Taxes	-	-	-	-	-	-	-	-	-
Licenses and Permits	375	-	125	-	-	-	-	-	500
Intergovernmental	-	-	-	-	-	2,000	-	-	2,000
Charges for Services	22,729	1,796	1,955	270	231	-	-	-	26,981
Miscellaneous	12	-	-	-	732	-	1	41	786
State Fees	30,934	1,954	-	-	-	-	-	-	32,888
Other Liabilities	-	200,151	639	3,208	-	-	-	-	203,998
TOTAL RECEIPTS	54,050	203,901	2,719	3,478	963	2,000	1	41	267,153
DISBURSEMENTS									
Payments to County Treasurer	21,661	1,493	2,100	270	920	-	7	-	26,451
Payments to State Treasurer	29,198	1,667	-	-	-	-	-	-	30,865
Other Liabilities	12	151,362	687	3,208	30	286	1	41	155,627
TOTAL DISBURSEMENTS	50,871	154,522	2,787	3,478	950	286	8	41	212,943
BALANCES JUNE 30, 2020	<u>\$ 5,679</u>	<u>\$ 50,268</u>	<u>\$ 534</u>	<u>\$ -</u>	<u>\$ 83</u>	<u>\$ 2,602</u>	<u>\$ 54</u>	<u>\$ 50</u>	<u>\$ 59,270</u>
BALANCES CONSIST OF:									
Due to County Treasurer	\$ 2,502	\$ 468	\$ 534	\$ -	\$ 33	\$ 2,602	\$ 4	\$ -	\$ 6,143
Petty Cash	50	-	-	-	50	-	50	50	200
Due to State Treasurer	3,127	536	-	-	-	-	-	-	3,663
Due to Others	-	49,264	-	-	-	-	-	-	49,264
BALANCES JUNE 30, 2020	<u>\$ 5,679</u>	<u>\$ 50,268</u>	<u>\$ 534</u>	<u>\$ -</u>	<u>\$ 83</u>	<u>\$ 2,602</u>	<u>\$ 54</u>	<u>\$ 50</u>	<u>\$ 59,270</u>

GARFIELD COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2020

Item	2015	2016	2017	2018	2019
Tax Certified by Assessor					
Real Estate	\$ 4,874,280	\$ 5,132,898	\$ 5,479,627	\$ 5,624,787	\$ 5,780,271
Personal and Specials	225,074	210,868	203,156	212,629	204,688
Total	5,099,354	5,343,766	5,682,783	5,837,416	5,984,959
Corrections					
Additions	2,824	7,007	2,739	35	582
Deductions	(6,010)	(4,027)	(7,348)	(869)	(15,585)
Net Additions/ (Deductions)	(3,186)	2,980	(4,609)	(834)	(15,003)
Corrected Certified Tax	5,096,168	5,346,746	5,678,174	5,836,582	5,969,956
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2016	3,099,223	-	-	-	-
June 30, 2017	1,995,845	3,246,336	-	-	-
June 30, 2018	532	2,097,244	3,516,072	-	-
June 30, 2019	-	1,044	2,158,658	3,592,865	-
June 30, 2020	253	1,425	829	2,239,140	3,688,969
Total Net Collections	5,095,853	5,346,049	5,675,559	5,832,005	3,688,969
Total Uncollected Tax	\$ 315	\$ 697	\$ 2,615	\$ 4,577	\$ 2,280,987
Percentage Uncollected Tax	0.01%	0.01%	0.05%	0.08%	38.21%

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
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, 2020, and the related notes to the financial statements, which collectively comprise Garfield County's basic financial statements, and have issued our report thereon dated November 2, 2020. 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.

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. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We consider the following deficiency in the County's internal control to be a significant deficiency:

- 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.

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

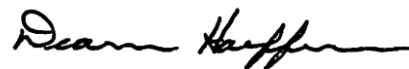
We also noted certain matters that we reported to the management of Garfield County in a separate letter dated November 2, 2020.

Garfield County's Response to Findings

Garfield County declined to respond to the finding described above.

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

November 2, 2020



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
auditors.nebraska.gov

November 2, 2020

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, 2020, and have issued our report thereon dated November 2, 2020. 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

Coding Errors

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

- The County Clerk did not record any interfund transfers out in her records. Total interfund transfers during the fiscal year were \$1,037,570.
- The County Clerk did not record a \$2,000 disbursement to the Veterans' Service Officer in her records. Consequently, this was not reflected in the budget, and resulted in the Veterans' Service Officer function of the General Fund exceeding the adopted budget by \$463.
- The County Treasurer recorded a \$79 disbursement for bank fees from the General Fund that was not approved by the County Board. This disbursement was also not recorded by the County Clerk and, therefore, was not reflected in the budget.

Neb. Rev. Stat. § 23-1601(1) (Reissue 2012) states the following:

It is the duty of the county treasurer to receive all money belonging to the county, from whatsoever source derived and by any method of payment provided by section 77-1702, and all other money which is by law directed to be paid to him or her. All money received by the county treasurer for the use of the county shall be paid out by him or her only on warrants issued by the county board according to law, except when special provision for payment of county money is otherwise made by law.

Neb. Rev. Stat. § 23-916 (Reissue 2012) states the following:

After the adoption of the county budget, no officer, department or other expending agency shall expend or contract to be expended any money, or incur any liability, or enter into any contract which, by its terms, involves the expenditure of money not provided for in the budget, or which involves the expenditure of any money for any of the purposes for which provision is made in the budget in excess of the amounts provided in said budget for such office, department or other expending agency, or purpose, for such fiscal year. Any contract, verbal or written, made in violation of this section shall be null and void as to the county, and no money belonging thereto shall be paid thereon.

Good internal controls and sound business practice requires procedures to ensure that all financial activity of the County is accurately and completely recorded in the accounting records. Such procedures should ensure also that all disbursements of the County are approved by the County Board, and disbursements are not made in excess of the adopted budget.

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

We recommend the County Clerk and County Treasurer implement procedures to ensure the following: 1) interfund transfers are recorded accurately; 2) all disbursements of the County are approved by the County Board, recorded by the Clerk, and reflected in the budget; and 3) disbursements are not made in excess of the adopted budget.

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 that 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 SHERIFF

Office Procedures

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

- The office did not complete a monthly asset-to-liability reconciliation, resulting in an unknown cash long of \$174 at June 30, 2020. The County Sheriff was unable to identify the rightful owner of these funds. This appears to be due largely to the County Sheriff's inability to provide any documentation regarding advanced fee refunds held and still owed as of June 30, 2020.
- Service fees of \$15 received in January 2018 had not been remitted to the County Treasurer as of June 30, 2020. This error was offset by an excess \$68 remitted to the County Treasurer above the amount received for service fees during January through March 2020.

- The office collected \$9 for accident report fees during fiscal year 2019 and \$3 during fiscal year 2020 that had not been remitted to the County Treasurer as of June 30, 2020.
- \$10 was collected for a title inspection in August 2019 but was not remitted to the County Treasurer as of June 30, 2020.
- The County Sheriff incurred \$59 in bank fees during fiscal year 2020. The amount reimbursed from the County was \$65, or an excess of \$6. Additionally, the County Sheriff received \$22 from the County to cover an outstanding check. However, the County Sheriff had previously collected the fees to cover this check; therefore, it was unnecessary to receive this amount from the County.

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

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

We recommend the County Sheriff implement procedures to ensure office assets agree to office liabilities on at least a monthly basis, and all variances noted are identified and resolved in a timely manner. We further recommend all fees collected or earned be remitted to the County Treasurer timely, and adequate records are maintained to support advance fee refunds still owed.

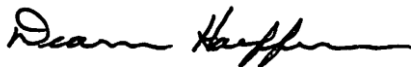
* * * * *

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, CPA
Assistant Deputy Auditor