

**AUDIT REPORT
OF
GARFIELD COUNTY**

JULY 1, 2020, THROUGH JUNE 30, 2021

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the Auditor of Public Accounts.**

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Issued on September 15, 2021

GARFIELD COUNTY

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GARFIELD COUNTY
250 S. 8th
Burwell, NE 68823

LIST OF COUNTY OFFICIALS
At June 30, 2021

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	Scott Krause Lee Jeffres Dianna Hurlburt	Jan. 2023 Jan. 2023 Jan. 2025
Assessor Planning & 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	Korey Johnson	Jan. 2023
Treasurer	Tamara Hitchcock	Jan. 2023
Surveyor	Steven Rasmussen	Appointed
Veterans' Service Officer	Timothy Rowse	Appointed
Weed Superintendent	Jimmy Petersen	Appointed
Highway Superintendent	Gary Kinney	Appointed
Emergency Manager	Marvin Hulinsky	Appointed



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State Auditor

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GARFIELD COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Garfield County, Nebraska

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Garfield County, as of and for the year ended June 30, 2021, 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, 2021, 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.

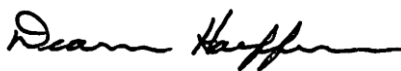
Report on Supplementary Information

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 17-28, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2021, 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

September 14, 2021

GARFIELD COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2021

		Governmental Activities
ASSETS		
Cash and Cash Equivalents (Note 1.D)	\$	895,598
TOTAL ASSETS	\$	895,598
NET POSITION		
Restricted for:		
Visitor Promotion	\$	55,027
Preservation of Records		6,846
COVID-19 Pandemic Response		191,231
Road Maintenance		99,031
Library		8,078
Unrestricted		535,385
TOTAL NET POSITION	\$	895,598

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

GARFIELD COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended June 30, 2021

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	\$ (1,020,008)	\$ 92,837	\$ 201,604	\$ (725,567)
Public Safety	(256,911)	3,103	-	(253,808)
Public Works	(1,012,879)	921	883,038	(128,920)
Public Assistance	(12,638)	-	-	(12,638)
Culture and Recreation	(130,948)	3,058	2,264	(125,626)
Total Governmental Activities	<u>\$ (2,433,384)</u>	<u>\$ 99,919</u>	<u>\$ 1,086,906</u>	<u>(1,246,559)</u>

General Receipts:

Property Taxes	1,377,581
Grants and Contributions Not Restricted to Specific Programs	137,866
Investment Income	898
Licenses and Permits	13,519
Miscellaneous	23,182
Total General Receipts	<u>1,553,046</u>

Increase in Net Position	306,487
Net Position - Beginning of year	589,111
Net Position - End of year	<u>\$ 895,598</u>

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

GARFIELD COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS

June 30, 2021

	<u>General Fund</u>	<u>Road Fund</u>	<u>Inheritance Fund</u>	<u>Disaster Fund</u>	<u>COVID American Rescue Plan Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and Cash Equivalents (Note 1.D)	\$ 34,057	\$ 109,179	\$ 387,735	\$ -	\$ 191,231	\$ 173,396	\$ 895,598
TOTAL ASSETS	<u>\$ 34,057</u>	<u>\$ 109,179</u>	<u>\$ 387,735</u>	<u>\$ -</u>	<u>\$ 191,231</u>	<u>\$ 173,396</u>	<u>\$ 895,598</u>
FUND BALANCES							
Restricted for:							
Visitor Promotion	-	-	-	-	-	55,027	55,027
Preservation of Records	-	-	-	-	-	6,846	6,846
COVID-19 Pandemic Response	-	-	-	-	191,231	-	191,231
Road Maintenance	-	-	-	-	-	99,031	99,031
Library	-	-	-	-	-	8,078	8,078
Committed to:							
Law Enforcement	-	-	-	-	-	4,320	4,320
Road Maintenance	-	109,179	-	-	-	-	109,179
Planning and Zoning	-	-	-	-	-	94	94
Assigned to:							
Other Purposes	-	-	387,735	-	-	-	387,735
Unassigned	34,057	-	-	-	-	-	34,057
TOTAL CASH BASIS FUND BALANCES	<u>\$ 34,057</u>	<u>\$ 109,179</u>	<u>\$ 387,735</u>	<u>\$ -</u>	<u>\$ 191,231</u>	<u>\$ 173,396</u>	<u>\$ 895,598</u>

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

GARFIELD COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	General Fund	Road Fund	Inheritance Fund	Disaster Fund	COVID American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS							
Property Taxes	\$ 1,231,755	\$ -	\$ 44,043	\$ -	\$ -	\$ 101,783	\$ 1,377,581
Licenses and Permits	12,699	-	-	-	-	820	13,519
Investment Income	895	-	-	-	3	-	898
Intergovernmental	141,333	549,646	-	288,789	191,228	53,776	1,224,772
Charges for Services	93,334	921	-	-	-	5,664	99,919
Miscellaneous	7,744	2,512	-	-	-	12,926	23,182
TOTAL RECEIPTS	<u>1,487,760</u>	<u>553,079</u>	<u>44,043</u>	<u>288,789</u>	<u>191,231</u>	<u>174,969</u>	<u>2,739,871</u>
DISBURSEMENTS							
General Government	993,423	-	3,494	-	-	23,091	1,020,008
Public Safety	256,911	-	-	-	-	-	256,911
Public Works	48,520	630,047	-	253,444	-	80,868	1,012,879
Public Assistance	12,638	-	-	-	-	-	12,638
Culture and Recreation	-	-	-	-	-	130,948	130,948
TOTAL DISBURSEMENTS	<u>1,311,492</u>	<u>630,047</u>	<u>3,494</u>	<u>253,444</u>	<u>-</u>	<u>234,907</u>	<u>2,433,384</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>176,268</u>	<u>(76,968)</u>	<u>40,549</u>	<u>35,345</u>	<u>191,231</u>	<u>(59,938)</u>	<u>306,487</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	1,500	176,000	303,790	253,440	-	51,985	786,715
Transfers out	(289,125)	-	(192,300)	(288,790)	-	(16,500)	(786,715)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(287,625)</u>	<u>176,000</u>	<u>111,490</u>	<u>(35,350)</u>	<u>-</u>	<u>35,485</u>	<u>-</u>
Net Change in Fund Balances	(111,357)	99,032	152,039	(5)	191,231	(24,453)	306,487
CASH BASIS FUND BALANCES - BEGINNING	<u>145,414</u>	<u>10,147</u>	<u>235,696</u>	<u>5</u>	<u>-</u>	<u>197,849</u>	<u>589,111</u>
CASH BASIS FUND BALANCES - ENDING	<u>\$ 34,057</u>	<u>\$ 109,179</u>	<u>\$ 387,735</u>	<u>\$ -</u>	<u>\$ 191,231</u>	<u>\$ 173,396</u>	<u>\$ 895,598</u>

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

GARFIELD COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2021

	Custodial Funds			Fund Balances June 30, 2021
	Fund Balances July 1, 2020 (as restated)	Receipts	Disbursements	
ASSETS				
Cash and Cash Equivalents	\$ 235,398	\$ 6,773,889	\$ 6,854,899	\$ 154,388
LIABILITIES				
Due to other governments				
State - Collected by County Treasurer	47,246	650,236	646,804	50,678
State - Collected by Other Offices	3,663	35,075	36,466	2,272
Schools	94,828	4,702,840	4,727,838	69,830
Educational Service Units	1,377	68,047	68,441	983
Technical College	8,953	435,051	437,440	6,564
Natural Resource Districts	3,368	143,983	145,327	2,024
Fire Districts	1,925	95,574	96,041	1,458
Municipalities	16,198	431,570	436,766	11,002
Agricultural Society	993	49,291	49,532	752
Airport Authority	1,328	35,832	36,373	787
Others - Collected by County Treasurer	6,255	77,603	78,851	5,007
Others - Collected by Other Offices	49,264	48,787	95,020	3,031
TOTAL LIABILITIES	<u>235,398</u>	<u>6,773,889</u>	<u>6,854,899</u>	<u>154,388</u>
TOTAL NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

GARFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2021

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 \$5,194 toward the operation of the Region during fiscal year 2021. 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 2021. 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. 2020). 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 \$59,015 during fiscal year 2021. 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.

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 reimbursements from the Federal Emergency Management Agency (FEMA).

COVID American Rescue Plan Fund. This fund is used to account for costs related to the ongoing COVID-19 pandemic and is funded by monies received from the Federal government through the American Rescue Plan Act of 2021.

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.

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

The County designates fund balances as follows:

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

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

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

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

GARFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

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

GARFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 \$360,213 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.

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 \$895,598 for County funds and \$154,388 for Fiduciary funds. The bank balances for all funds totaled \$1,036,496. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2021, 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 2020, for the 2020 taxes, which will be materially collected in May and September 2021, was set at \$.288310/\$100 of assessed valuation. The levy set in October 2019, for the 2019 taxes, which were materially collected in May and September 2020, was set at \$.288310/\$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. 2020) 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, 2021, 25 employees contributed \$35,108, and the County contributed \$52,164. Contributions included \$994 in cash contributions towards the supplemental law enforcement plan for three 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 104 counties and local governments throughout Nebraska.

GARFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. Risk Management (Concluded)

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 the county's withdrawal from participation or the termination of the agreement, as well as for liabilities of the pool incurred during the 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, 2021, consisted of the following:

Transfers to	Transfers from				Total
	General Fund	Inheritance Fund	Disaster Fund	Nonmajor Funds	
General Fund	\$ -	\$ -	\$ -	\$ 1,500	\$ 1,500
Road Fund	176,000	-	-	-	176,000
Disaster Fund	61,140	192,300	-	-	253,440
Inheritance Fund	-	-	288,790	15,000	303,790
Nonmajor Funds	51,985	-	-	-	51,985
Total	\$ 289,125	\$ 192,300	\$ 288,790	\$ 16,500	\$ 786,715

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

In the year ended June 30, 2021, the County made a one-time transfer of \$288,790 from the Disaster Fund to the Inheritance Fund to repay previous transfers after Federal reimbursements were received by the County. Additionally, \$15,000 was transferred from the Library Fund to the Inheritance Fund, and \$1,500 from the Planning & Zoning Fund to the General Fund, to repay previous transfers from those funds.

GARFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

7. Long-Term Obligations

Lease-Purchase Agreement

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

	Motor Grader
Balance July 1, 2020	\$ 145,270
Purchases	-
Payments	22,152
Balance June 30, 2021	\$ 123,118
Future Payments:	
Year	
2022	\$ 27,071
2023	27,071
2024	27,071
2025	27,072
2026	27,072
Total Payments	135,357
Less Interest	12,239
Present Value of Future Minimum Lease Payments	\$ 123,118
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.

9. Prior Period Adjustment

The beginning balances were increased by \$3,127 on the Fiduciary Fund Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances from the balances reported in the County's fiscal year 2020 financial statements. These adjustments were made to report the monies held by County officials other than the County Treasurer.

GARFIELD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 1,271,647	\$ 1,271,647	\$ 1,231,755	\$ (39,892)
Licenses and Permits	12,385	12,385	12,699	314
Interest	1,000	1,000	895	(105)
Intergovernmental	61,076	61,076	141,333	80,257
Charges for Services	122,645	122,645	93,334	(29,311)
Miscellaneous	4,525	4,525	7,744	3,219
TOTAL RECEIPTS	<u>1,473,278</u>	<u>1,473,278</u>	<u>1,487,760</u>	<u>14,482</u>
DISBURSEMENTS				
General Government:				
County Board	58,692	58,692	56,480	2,212
County Clerk	111,652	111,652	103,322	8,330
County Treasurer	112,500	112,500	110,380	2,120
County Assessor	149,849	149,849	112,654	37,195
Election Commissioner	16,300	16,300	8,906	7,394
Clerk of the District Court	31,925	31,925	8,796	23,129
County Court System	11,300	11,300	3,468	7,832
Building and Grounds	119,000	119,000	65,365	53,635
Reappraisal	42,000	42,000	1,783	40,217
Agricultural Extension Agent	31,180	31,180	28,582	2,598
Miscellaneous	650,745	650,745	493,687	157,058
Public Safety				
County Sheriff	183,186	183,186	155,633	27,553
County Attorney	85,464	85,464	80,560	4,904
County Jail	52,000	52,000	20,718	31,282
Public Works				
Noxious Weed Control	93,585	93,585	48,520	45,065
Public Assistance				
Veterans' Service Officer	15,400	15,400	12,638	2,762
TOTAL DISBURSEMENTS	<u>1,764,778</u>	<u>1,764,778</u>	<u>1,311,492</u>	<u>453,286</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS				
	<u>(291,500)</u>	<u>(291,500)</u>	<u>176,268</u>	<u>467,768</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,141,340	1,141,340	1,500	(1,139,840)
Transfers out	(919,000)	(919,000)	(289,125)	629,875
TOTAL OTHER FINANCING SOURCES (USES)	<u>222,340</u>	<u>222,340</u>	<u>(287,625)</u>	<u>(509,965)</u>
Net Change in Fund Balance	(69,160)	(69,160)	(111,357)	(42,197)
FUND BALANCE - BEGINNING	<u>145,414</u>	<u>145,414</u>	<u>145,414</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 76,254</u>	<u>\$ 76,254</u>	<u>\$ 34,057</u>	<u>\$ (42,197)</u>

GARFIELD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 360,180	\$ 360,180	\$ 549,646	\$ 189,466
Charges for Services	5,200	5,200	921	(4,279)
Miscellaneous	29,000	29,000	2,512	(26,488)
TOTAL RECEIPTS	<u>394,380</u>	<u>394,380</u>	<u>553,079</u>	<u>158,699</u>
DISBURSEMENTS	<u>1,266,195</u>	<u>1,266,195</u>	<u>630,047</u>	<u>636,148</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(871,815)</u>	<u>(871,815)</u>	<u>(76,968)</u>	<u>794,847</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	870,000	870,000	176,000	(694,000)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>870,000</u>	<u>870,000</u>	<u>176,000</u>	<u>(694,000)</u>
Net Change in Fund Balance	(1,815)	(1,815)	99,032	100,847
FUND BALANCE - BEGINNING	10,147	10,147	10,147	-
FUND BALANCE - ENDING	<u>\$ 8,332</u>	<u>\$ 8,332</u>	<u>\$ 109,179</u>	<u>\$ 100,847</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 250,600	\$ 250,600	\$ 44,043	\$ (206,557)
TOTAL RECEIPTS	<u>250,600</u>	<u>250,600</u>	<u>44,043</u>	<u>(206,557)</u>
DISBURSEMENTS	<u>100,000</u>	<u>100,000</u>	<u>3,494</u>	<u>96,506</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>150,600</u>	<u>150,600</u>	<u>40,549</u>	<u>(110,051)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,005,044	1,005,044	303,790	(701,254)
Transfers out	(1,391,340)	(1,391,340)	(192,300)	1,199,040
TOTAL OTHER FINANCING SOURCES (USES)	<u>(386,296)</u>	<u>(386,296)</u>	<u>111,490</u>	<u>497,786</u>
Net Change in Fund Balance	(235,696)	(235,696)	152,039	387,735
FUND BALANCE - BEGINNING	235,696	235,696	235,696	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 387,735</u>	<u>\$ 387,735</u>

(Continued)

GARFIELD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DISASTER FUND				
RECEIPTS				
Intergovernmental	\$ 5,478,897	\$ 5,478,897	\$ 288,789	\$(5,190,108)
TOTAL RECEIPTS	<u>5,478,897</u>	<u>5,478,897</u>	<u>288,789</u>	<u>(5,190,108)</u>
DISBURSEMENTS	<u>4,738,858</u>	<u>4,738,858</u>	<u>253,444</u>	<u>4,485,414</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>740,039</u>	<u>740,039</u>	<u>35,345</u>	<u>(704,694)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	250,000	250,000	253,440	3,440
Transfers out	(990,044)	(990,044)	(288,790)	701,254
TOTAL OTHER FINANCING SOURCES (USES)	<u>(740,044)</u>	<u>(740,044)</u>	<u>(35,350)</u>	<u>704,694</u>
Net Change in Fund Balance	(5)	(5)	(5)	-
FUND BALANCE - BEGINNING	5	5	5	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
COVID AMERICAN RESCUE PLAN FUND				
RECEIPTS				
Interest	\$ -	\$ -	\$ 3	\$ 3
Intergovernmental	-	-	191,228	191,228
TOTAL RECEIPTS	<u>-</u>	<u>-</u>	<u>191,231</u>	<u>191,231</u>
DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>191,231</u>	<u>191,231</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	191,231	191,231
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191,231</u>	<u>\$ 191,231</u>

(Concluded)

GARFIELD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
HIGHWAY STREET BUYBACK FUND				
Receipts	\$ 36,348	\$ 36,348	\$ 36,348	\$ -
Disbursements	(130,670)	(130,670)	(58,668)	72,002
Net Change in Fund Balance	(94,322)	(94,322)	(22,320)	72,002
Fund Balance - Beginning	94,322	94,322	94,322	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,002</u>	<u>\$ 72,002</u>
HIGHWAY BRIDGE BUYBACK FUND				
Receipts	\$ 8,255	\$ 8,255	\$ 8,255	\$ -
Disbursements	(49,229)	(49,229)	(22,200)	27,029
Net Change in Fund Balance	(40,974)	(40,974)	(13,945)	27,029
Fund Balance - Beginning	40,974	40,974	40,974	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,029</u>	<u>\$ 27,029</u>
GEOGRAPHICAL INFORMATION SYSTEM FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(20,000)	(20,000)	(8,400)	11,600
Transfers in	20,000	20,000	8,400	(11,600)
Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
PLANNING & ZONING FUND				
Receipts	\$ 1,200	\$ 1,200	\$ 820	\$ (380)
Disbursements	(26,725)	(26,725)	(14,691)	12,034
Transfers in	26,000	26,000	15,110	(10,890)
Transfers out	-	-	(1,500)	(1,500)
Net Change in Fund Balance	475	475	(261)	(736)
Fund Balance - Beginning	355	355	355	-
Fund Balance - Ending	<u>\$ 830</u>	<u>\$ 830</u>	<u>\$ 94</u>	<u>\$ (736)</u>
VISITOR PROMOTION FUND				
Receipts	\$ 16,245	\$ 16,245	\$ 31,003	\$ 14,758
Disbursements	(34,920)	(34,920)	(20,032)	14,888
Net Change in Fund Balance	(18,675)	(18,675)	10,971	29,646
Fund Balance - Beginning	22,355	22,355	22,355	-
Fund Balance - Ending	<u>\$ 3,680</u>	<u>\$ 3,680</u>	<u>\$ 33,326</u>	<u>\$ 29,646</u>

GARFIELD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VISITOR IMPROVEMENT FUND				
Receipts	\$ 15,845	\$ 15,845	\$ 18,847	\$ 3,002
Disbursements	(25,700)	(25,700)	(7,274)	18,426
Net Change in Fund Balance	(9,855)	(9,855)	11,573	21,428
Fund Balance - Beginning	10,128	10,128	10,128	-
Fund Balance - Ending	<u>\$ 273</u>	<u>\$ 273</u>	<u>\$ 21,701</u>	<u>\$ 21,428</u>
PRESERVATION AND MODERNIZATION FUND				
Receipts	\$ 2,210	\$ 2,210	\$ 2,056	\$ (154)
Disbursements	(7,000)	(7,000)	-	7,000
Net Change in Fund Balance	(4,790)	(4,790)	2,056	6,846
Fund Balance - Beginning	4,790	4,790	4,790	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,846</u>	<u>\$ 6,846</u>
LIBRARY FUND				
Receipts	\$ 83,567	\$ 83,567	\$ 74,194	\$ (9,373)
Disbursements	(77,734)	(77,734)	(74,567)	3,167
Transfers in	-	-	-	-
Transfers out	(15,000)	(15,000)	(15,000)	-
Net Change in Fund Balance	(9,167)	(9,167)	(15,373)	(6,206)
Fund Balance - Beginning	17,933	17,933	17,934	1
Fund Balance - Ending	<u>\$ 8,766</u>	<u>\$ 8,766</u>	<u>\$ 2,561</u>	<u>\$ (6,205)</u>
LIBRARY MEMORIAL FUND				
Receipts	\$ 758	\$ 758	\$ 550	\$ (208)
Disbursements	(800)	(800)	-	800
Net Change in Fund Balance	(42)	(42)	550	592
Fund Balance - Beginning	42	42	42	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 592</u>	<u>\$ 592</u>
LIBRARY GRANT FUND				
Receipts	\$ 8,821	\$ 8,821	\$ 2,346	\$ (6,475)
Disbursements	(12,000)	(12,000)	(600)	11,400
Net Change in Fund Balance	(3,179)	(3,179)	1,746	4,925
Fund Balance - Beginning	3,179	3,179	3,179	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,925</u>	<u>\$ 4,925</u>

(Continued)

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

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>STOP PROGRAM FUND</u>				
Receipts	\$ 1,230	\$ 1,230	\$ 550	\$ (680)
Disbursements	(5,000)	(5,000)	-	5,000
Net Change in Fund Balance	(3,770)	(3,770)	550	4,320
Fund Balance - Beginning	3,770	3,770	3,770	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,320</u>	<u>\$ 4,320</u>
<u>MISC FEDERAL & STATE GRANTS FUND</u>				
Receipts	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)
Disbursements	(100,000)	(100,000)	(28,475)	71,525
Transfers in	-	-	28,475	28,475
Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>DRUG LAW ENFORCEMENT GRANT FUND</u>				
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>
<u>LAW ENFORCEMENT GRANTS FUND</u>				
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>
<u>JUVENILE SERVICES AID FUND</u>				
Receipts	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Disbursements	(10,000)	(10,000)	-	10,000
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

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

For the Year Ended June 30, 2021

	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, 2021

	Highway Street Buyback Fund	Highway Bridge Buyback Fund	Geographical Information System Fund	Planning & Zoning Fund
RECEIPTS				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	820
Intergovernmental	36,348	8,255	-	-
Charges for Services	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL RECEIPTS	<u>36,348</u>	<u>8,255</u>	<u>-</u>	<u>820</u>
DISBURSEMENTS				
General Government	-	-	8,400	14,691
Public Works	58,668	22,200	-	-
Culture and Recreation	-	-	-	-
TOTAL DISBURSEMENTS	<u>58,668</u>	<u>22,200</u>	<u>8,400</u>	<u>14,691</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(22,320)</u>	<u>(13,945)</u>	<u>(8,400)</u>	<u>(13,871)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	8,400	15,110
Transfers out	-	-	-	(1,500)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>8,400</u>	<u>13,610</u>
Net Change in Fund Balances	(22,320)	(13,945)	-	(261)
FUND BALANCES - BEGINNING	<u>94,322</u>	<u>40,974</u>	<u>-</u>	<u>355</u>
FUND BALANCES - ENDING	<u>\$ 72,002</u>	<u>\$ 27,029</u>	<u>\$ -</u>	<u>\$ 94</u>
FUND BALANCES:				
Restricted for:				
Visitor Promotion	-	-	-	-
Preservation of Records	-	-	-	-
Road Maintenance	72,002	27,029	-	-
Library	-	-	-	-
Committed to:				
Law Enforcement	-	-	-	-
Planning and Zoning	-	-	-	94
TOTAL FUND BALANCES	<u>\$ 72,002</u>	<u>\$ 27,029</u>	<u>\$ -</u>	<u>\$ 94</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, 2021

	Visitor Promotion Fund	Visitor Improvement Fund	Preservation and Modernization Fund	Library Fund	Library Memorial Fund
RECEIPTS					
Property Taxes	\$ 18,846	\$ 18,847	\$ -	\$ 64,090	\$ -
Licenses and Permits	-	-	-	-	-
Intergovernmental	1,500	-	-	6,909	-
Charges for Services	-	-	2,056	3,058	-
Miscellaneous	10,657	-	-	137	550
TOTAL RECEIPTS	<u>31,003</u>	<u>18,847</u>	<u>2,056</u>	<u>74,194</u>	<u>550</u>
DISBURSEMENTS					
General Government	-	-	-	-	-
Public Works	-	-	-	-	-
Culture and Recreation	20,032	7,274	-	74,567	-
TOTAL DISBURSEMENTS	<u>20,032</u>	<u>7,274</u>	<u>-</u>	<u>74,567</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>10,971</u>	<u>11,573</u>	<u>2,056</u>	<u>(373)</u>	<u>550</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(15,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,000)</u>	<u>-</u>
Net Change in Fund Balances	10,971	11,573	2,056	(15,373)	550
FUND BALANCES - BEGINNING	<u>22,355</u>	<u>10,128</u>	<u>4,790</u>	<u>17,934</u>	<u>42</u>
FUND BALANCES - ENDING	<u>\$ 33,326</u>	<u>\$ 21,701</u>	<u>\$ 6,846</u>	<u>\$ 2,561</u>	<u>\$ 592</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	33,326	21,701	-	-	-
Preservation of Records	-	-	6,846	-	-
Road Maintenance	-	-	-	-	-
Library	-	-	-	2,561	592
Committed to:					
Law Enforcement	-	-	-	-	-
Planning and Zoning	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 33,326</u>	<u>\$ 21,701</u>	<u>\$ 6,846</u>	<u>\$ 2,561</u>	<u>\$ 592</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, 2021

	Library Grant Fund	STOP Program Fund	Misc Federal & State Grants Fund	Total Nonmajor Governmental Funds
RECEIPTS				
Property Taxes	\$ -	\$ -	\$ -	\$ 101,783
Licenses and Permits	-	-	-	820
Intergovernmental	764	-	-	53,776
Charges for Services	-	550	-	5,664
Miscellaneous	1,582	-	-	12,926
TOTAL RECEIPTS	2,346	550	-	174,969
DISBURSEMENTS				
General Government	-	-	-	23,091
Public Works	-	-	-	80,868
Culture and Recreation	600	-	28,475	130,948
TOTAL DISBURSEMENTS	600	-	28,475	234,907
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	1,746	550	(28,475)	(59,938)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	28,475	51,985
Transfers out	-	-	-	(16,500)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	28,475	35,485
Net Change in Fund Balances	1,746	550	-	(24,453)
FUND BALANCES - BEGINNING	3,179	3,770	-	197,849
FUND BALANCES - ENDING	\$ 4,925	\$ 4,320	\$ -	\$ 173,396
FUND BALANCES:				
Restricted for:				
Visitor Promotion	-	-	-	55,027
Preservation of Records	-	-	-	6,846
Road Maintenance	-	-	-	99,031
Library	4,925	-	-	8,078
Committed to:				
Law Enforcement	-	4,320	-	4,320
Planning and Zoning	-	-	-	94
TOTAL FUND BALANCES	\$ 4,925	\$ 4,320	\$ -	\$ 173,396

(Concluded)

GARFIELD COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2021

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	County Library	Veterans' Service Officer	County Assessor	County Treasurer	Total
BALANCES JULY 1, 2020	\$ 5,679	\$ 50,268	\$ 534	\$ -	\$ 83	\$ 2,602	\$ 54	\$ 50	\$ 59,270
RECEIPTS									
Licenses and Permits	209	-	285	-	-	-	-	-	494
Charges for Services	23,325	1,019	1,790	110	170	-	-	-	26,414
Miscellaneous	97	-	-	-	948	-	19	31	1,095
State Fees	33,279	1,796	-	-	-	-	-	-	35,075
Other Liabilities	3	31,307	16,300	1,177	-	-	-	-	48,787
TOTAL RECEIPTS	56,913	34,122	18,375	1,287	1,118	-	19	31	111,865
DISBURSEMENTS									
Payments to County Treasurer	24,543	1,442	2,074	110	1,126	-	4	-	29,299
Payments to State Treasurer	34,232	2,234	-	-	-	-	-	-	36,466
Petty Cash	97	-	-	-	-	50	19	31	197
Other Liabilities	3	77,540	16,300	1,177	-	-	-	-	95,020
TOTAL DISBURSEMENTS	58,875	81,216	18,374	1,287	1,126	50	23	31	160,982
BALANCES JUNE 30, 2021	\$ 3,717	\$ 3,174	\$ 535	\$ -	\$ 75	\$ 2,552	\$ 50	\$ 50	\$ 10,153
BALANCES CONSIST OF:									
Due to County Treasurer	\$ 1,493	\$ 45	\$ 535	\$ -	\$ 25	\$ 2,552	\$ -	\$ -	\$ 4,650
Petty Cash	50	-	-	-	50	-	50	50	200
Due to State Treasurer	2,174	98	-	-	-	-	-	-	2,272
Due to Others	-	3,031	-	-	-	-	-	-	3,031
BALANCES JUNE 30, 2021	\$ 3,717	\$ 3,174	\$ 535	\$ -	\$ 75	\$ 2,552	\$ 50	\$ 50	\$ 10,153

GARFIELD COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2021

Item	2016	2017	2018	2019	2020
Tax Certified by Assessor					
Real Estate	\$ 5,132,898	\$ 5,479,627	\$ 5,624,787	\$ 5,780,271	\$ 6,021,321
Personal and Specials	210,868	203,156	212,629	204,688	234,878
Total	<u>5,343,766</u>	<u>5,682,783</u>	<u>5,837,416</u>	<u>5,984,959</u>	<u>6,256,199</u>
Corrections					
Additions	7,007	2,737	645	582	461
Deductions	(4,027)	(7,348)	(1,005)	(16,390)	(3,086)
Net Additions/ (Deductions)	<u>2,980</u>	<u>(4,611)</u>	<u>(360)</u>	<u>(15,808)</u>	<u>(2,625)</u>
Corrected Certified Tax	<u>5,346,746</u>	<u>5,678,172</u>	<u>5,837,056</u>	<u>5,969,151</u>	<u>6,253,574</u>
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2017	3,246,336	-	-	-	-
June 30, 2018	2,097,244	3,516,072	-	-	-
June 30, 2019	1,044	2,158,658	3,592,865	-	-
June 30, 2020	1,425	829	2,239,140	3,688,969	-
June 30, 2021	61	1,006	3,029	2,278,427	4,171,245
Total Net Collections	<u>5,346,110</u>	<u>5,676,565</u>	<u>5,835,034</u>	<u>5,967,396</u>	<u>4,171,245</u>
Total Uncollected Tax	<u>\$ 636</u>	<u>\$ 1,607</u>	<u>\$ 2,022</u>	<u>\$ 1,755</u>	<u>\$ 2,082,329</u>
Percentage Uncollected Tax	<u>0.01%</u>	<u>0.03%</u>	<u>0.03%</u>	<u>0.03%</u>	<u>33.30%</u>

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



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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GARFIELD COUNTY
**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Garfield County, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Garfield County, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Garfield County's basic financial statements, and have issued our report thereon dated September 14, 2021. 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

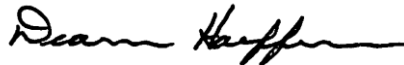
We also noted certain matters that we reported to the management of Garfield County in a separate letter dated September 14, 2021.

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

September 14, 2021



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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September 14, 2021

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, 2021, and have issued our report thereon dated September 14, 2021. 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 BOARD

Claims Documentation

During our testing of claims approved and paid by the County Board, we noted the following concerns:

- Claim number 21050020, dated May 25, 2021, paid \$3,000 to the Garfield County Historical Society. The County did not obtain supporting documentation from that recipient to ensure that the funds provided were used appropriately.
- Claim number 20080092, dated August 25, 2020, paid \$577 to Amazon.com. The only documentation supporting the claim was a listing of invoice numbers and the grand total for each invoice. No details regarding the items purchased on each invoice were included with the claim. Without this detailed information, the County Board would be unable to verify the appropriateness of the items purchased.

Good internal controls require procedures to ensure that detailed supporting documentation is obtained and reviewed prior to the approval of claims by the County Board.

Without such procedures, there is an increased risk for the loss, theft, or misuse of County funds.

We recommend the County Board implement procedures to ensure all claims approved by the County Board are supported by detailed documentation.

Advanced Payment

In June 2021, claim number 21060004 was approved to Anderson Chrysler Jeep Dodge Ram for the purchase of a 2021 Jeep Cherokee, totaling \$22,879. However, as of audit fieldwork in August 2021, the check was still held at the courthouse and had not been sent to the dealership because the purchased Jeep was not yet available. Although the vehicle had yet to be received, the County appears to have approved the claim in June, so the expense would be included in the fiscal year 2021 budget.

Neb. Rev. Stat. § 23-135(2) (Reissue 2012) states the following, in relevant part:

A county board may by resolution, which resolution constitutes a claim pursuant to subsection (1) of section 23-1303, approve the payment for a particular piece of personal property prior to the receipt of such property by the county.

No such resolution was completed for the advance payment in question.

Additionally, good internal controls require procedures to ensure payments are issued only after the property has been received, or the County Board approves a resolution authorizing an advance payment.

Without such procedures, there is an increased risk for not only the loss, theft, or misuse of funds but also noncompliance with State statute.

We recommend the County Board implement procedures to ensure claims are approved only after the property has been received, or the required resolution authorizing advance payment is approved by the County Board. If the advance payment was made for budget purposes, the County should adjust next year's budget for the additional costs that could not be included in the current year's budget.

COUNTY SHERIFF

Office Procedures

During our audit, we noted that the County Sheriff's office attempted to complete a monthly asset-to-liability reconciliation; however, the attempted reconciliation failed to identify and resolve all variances, resulting in an unknown cash long of \$77 at June 30, 2021.

Assets:	
Bank Balance	\$ 535
Liabilities:	
Unremitted Fee Collections:	
Fees/Mileage	408
Handgun Permits	50
Total Liabilities	\$ 458
Unknown Cash Long	\$ 77

The County Sheriff was unable to identify the rightful owner of these funds. This appears to have been due largely to the inability to provide any documentation regarding advanced fee refunds held and still owed as of June 30, 2021.

A similar finding was noted during the prior audit.

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; and 2) 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.

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 adequate records be maintained to support advance fee refunds still owed.

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 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.

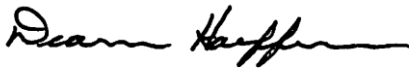
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It should be noted this report is critical in nature, as it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any strong features of the County.

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. The County declined to respond.

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.

Sincerely,



Deann Haeffner, CPA
Assistant Deputy Auditor