

**AUDIT REPORT
OF
GARFIELD COUNTY**

JULY 1, 2021, THROUGH JUNE 30, 2022

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the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original
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Issued on June 20, 2023

GARFIELD COUNTY

TABLE OF CONTENTS

	<u>Page</u>
List of County Officials	1
Financial Section	
Independent Auditor's Report	2 - 4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position - Cash Basis	5
Statement of Activities - Cash Basis	6
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds	7
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Governmental Funds	8
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Fiduciary Funds	9
Notes to Financial Statements	10 - 17
Combining Statements and Schedules:	
Budgetary Comparison Schedule - Budget and Actual - General Fund	18
Budgetary Comparison Schedule - Budget and Actual - Major Funds	19 - 20
Budgetary Comparison Schedule - Budget and Actual - Nonmajor Funds	21 - 23
Combining Statement of Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Nonmajor Funds	24 - 26
Schedule of Office Activities	27
Schedule of Taxes Certified and Collected for All Political Subdivisions in the County	28
Government Auditing Standards Section	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	29 - 30

GARFIELD COUNTY
250 S 8th Avenue
Burwell, NE 68823

LIST OF COUNTY OFFICIALS
At June 30, 2022

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	Scott Krause	Jan. 2023
	Lee Jeffres	Jan. 2023
	Diana Hurlburt	Jan. 2025
Assessor	Kali Bolli	Jan. 2023
Planning & Zoning		
Attorney	Dale Crandall	Jan. 2023
Clerk	Keri Koenigsberg	Jan. 2023
Election Commissioner		
Register of Deeds		
Clerk of the District Court		
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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GARFIELD COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Garfield County, Nebraska

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying 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 the aggregate remaining fund information of Garfield County as of June 30, 2022, and the respective changes in cash-basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1, and for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, pages 18-28, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 June 13, 2023, 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 solely 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 effectiveness of the County's 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.

A handwritten signature in black ink, appearing to read "Jeff Schreier". The signature is fluid and cursive, with the first name "Jeff" and last name "Schreier" clearly distinguishable.

Jeff Schreier, CPA
Audit Manager
Lincoln, Nebraska

June 13, 2023

GARFIELD COUNTY
STATEMENT OF NET POSITION - CASH BASIS
June 30, 2022

	Governmental Activities
	<hr/>
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 783,278
TOTAL ASSETS	<hr/> <hr/>
 NET POSITION	
Restricted for:	
Visitor Promotion	\$ 39,785
Federal Relief	265,325
Preservation of Records	8,713
Road/Bridge Maintenance	127,788
Library	9,853
Unrestricted	331,814
TOTAL NET POSITION	<hr/> <hr/>

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, 2022

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	\$ (1,111,960)	\$ 96,615	\$ 3,958	\$ (1,011,387)
Public Safety	(368,753)	3,344	-	(365,409)
Public Works	(1,155,881)	624	823,091	(332,166)
Public Assistance	(14,184)	-	-	(14,184)
Culture and Recreation	(137,128)	1,058	5,053	(131,017)
Total Governmental Activities	<u>\$ (2,787,906)</u>	<u>\$ 101,641</u>	<u>\$ 832,102</u>	<u>(1,854,163)</u>

General Receipts:

Taxes	1,375,243
Grants and Contributions Not Restricted to Specific Programs	342,149
Investment Income	1,690
Licenses and Permits	12,960
Miscellaneous	9,801
Total General Receipts	<u>1,741,843</u>
Change in Net Position	(112,320)
Net Position - Beginning of year	895,598
Net Position - End of year	<u>\$ 783,278</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, 2022

	General Fund	Road Fund	Inheritance Fund	Disaster Fund	Highway Street Buyback Fund	COVID American Rescue Plan Fund	Nonmajor Funds	Total Governmental Funds
ASSETS								
Cash and Cash Equivalents (Note 1.D)	\$ 7,070	\$ 46	\$ 319,703	\$ -	\$ 94,053	\$ 265,325	\$ 97,081	\$ 783,278
TOTAL ASSETS	<u>\$ 7,070</u>	<u>\$ 46</u>	<u>\$ 319,703</u>	<u>\$ -</u>	<u>\$ 94,053</u>	<u>\$ 265,325</u>	<u>\$ 97,081</u>	<u>\$ 783,278</u>
FUND BALANCES								
Restricted for:								
Visitor Promotion	-	-	-	-	-	-	39,785	39,785
Federal Relief	-	-	-	-	-	265,325	-	265,325
Preservation of Records	-	-	-	-	-	-	8,713	8,713
Road/Bridge Maintenance	-	-	-	-	94,053	-	33,735	127,788
Library	-	-	-	-	-	-	9,853	9,853
Committed to:								
Law Enforcement	-	-	-	-	-	-	4,970	4,970
Road Maintenance	-	46	-	-	-	-	-	46
Planning & Zoning	-	-	-	-	-	-	25	25
Assigned to:								
Other Purposes	-	-	319,703	-	-	-	-	319,703
Unassigned	7,070	-	-	-	-	-	-	7,070
TOTAL CASH BASIS FUND BALANCES	<u>\$ 7,070</u>	<u>\$ 46</u>	<u>\$ 319,703</u>	<u>\$ -</u>	<u>\$ 94,053</u>	<u>\$ 265,325</u>	<u>\$ 97,081</u>	<u>\$ 783,278</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, 2022

	General Fund	Road Fund	Inheritance Fund	Disaster Fund	Highway Street Buyback Fund	COVID American Rescue Plan Fund	Nonmajor Funds	Total Governmental Funds
RECEIPTS								
Taxes	\$ 1,155,014	\$ -	\$ 124,070	\$ -	\$ -	\$ -	\$ 96,159	\$ 1,375,243
Licenses and Permits	11,830	-	-	-	-	-	1,130	12,960
Investment Income	1,308	-	-	-	-	382	-	1,690
Intergovernmental	148,224	418,986	-	359,408	34,391	191,227	22,015	1,174,251
Charges for Services	97,442	624	-	-	-	-	3,575	101,641
Miscellaneous	4,895	4,526	-	-	-	-	380	9,801
TOTAL RECEIPTS	1,418,713	424,136	124,070	359,408	34,391	191,609	123,259	2,675,586
DISBURSEMENTS								
General Government	1,088,774	-	1,890	-	-	348	20,948	1,111,960
Public Safety	262,066	-	-	-	-	106,687	-	368,753
Public Works	54,959	746,347	-	328,155	12,340	10,480	3,600	1,155,881
Public Assistance	14,184	-	-	-	-	-	-	14,184
Culture and Recreation	-	-	-	-	-	-	137,128	137,128
TOTAL DISBURSEMENTS	1,419,983	746,347	1,890	328,155	12,340	117,515	161,676	2,787,906
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(1,270)	(322,211)	122,180	31,253	22,051	74,094	(38,417)	(112,320)
OTHER FINANCING SOURCES (USES)								
Transfers in	356,580	349,286	506,335	459,869	-	-	41,423	1,713,493
Transfers out	(382,297)	(136,208)	(696,547)	(491,122)	-	-	(7,319)	(1,713,493)
TOTAL OTHER FINANCING SOURCES (USES)	(25,717)	213,078	(190,212)	(31,253)	-	-	34,104	-
Net Change in Fund Balances	(26,987)	(109,133)	(68,032)	-	22,051	74,094	(4,313)	(112,320)
CASH BASIS FUND BALANCES - BEGINNING	34,057	109,179	387,735	-	72,002	191,231	101,394	895,598
CASH BASIS FUND BALANCES - ENDING	\$ 7,070	\$ 46	\$ 319,703	\$ -	\$ 94,053	\$ 265,325	\$ 97,081	\$ 783,278

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, 2022

	Custodial Fund Balances July 1, 2021	Receipts	Disbursements	Custodial Fund Balances June 30, 2022
ASSETS				
Cash and Cash Equivalents	\$ 154,388	\$ 7,077,806	\$ 7,075,254	\$ 156,940
LIABILITIES				
Due to other governments				
State - Collected by County Treasurer	50,678	524,321	537,943	37,056
State - Collected by Other Offices	2,272	43,463	43,743	1,992
Schools	69,830	4,576,703	4,567,197	79,336
Educational Service Units	983	64,751	64,634	1,100
Technical College	6,564	410,324	409,952	6,936
Natural Resource Districts	2,024	131,909	131,662	2,271
Fire Districts	1,458	93,688	93,541	1,605
Municipalities	11,002	453,517	451,055	13,464
Agricultural Society	752	48,037	47,968	821
Airport Authority	787	34,918	34,791	914
Others - Collected by County Treasurer	5,007	59,814	54,307	10,514
Others - Collected by Other Offices	3,031	636,361	638,461	931
TOTAL LIABILITIES	154,388	7,077,806	7,075,254	156,940
TOTAL NET POSITION	\$ -	\$ -	\$ -	\$ -

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, 2022

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 \$10,360 toward the operation of the Region during fiscal year 2022. 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 2022. 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. 2022). 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. The County contributed \$73,765 toward the operation of Region 26 during fiscal year 2022. 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).

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.

COVID American Rescue Plan Fund. This fund is used to account for aid received from the Federal government through the American Rescue Plan Act and will be used as allowed by Federal regulations, and approved by the County Board.

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.

GARFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

C. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The accounting records of the County are maintained and the government-wide financial statements were reported on the basis of cash receipts and disbursements. As such, the measurement focus includes only those assets and fund balances arising from cash transactions on the Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis. Receipts are recognized when received, and disbursements are recognized when 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, certificates of deposit, 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.

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 \$451,464 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 and County Budget Act of 1937. 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 \$783,278 for County funds and \$156,940 for Fiduciary funds. The bank balances for all funds totaled \$733,426. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2022, 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. 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 2021, for the 2021 taxes, which will be materially collected in May and September 2022, was set at \$.285841/\$100 of assessed valuation. The levy set in October 2020, for the 2020 taxes, which were materially collected in May and September 2021, was set at \$.28831/\$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.

The tax receipts classification also contains collections from the assessment of inheritance taxes and lodging taxes.

4. Retirement System

The Retirement System for Nebraska Counties (the Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2022) 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.

GARFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. Retirement System (Concluded)

For the year ended June 30, 2022, 25 employees contributed \$37,222, and the County contributed \$55,291. Contributions included \$1,083 in cash contributions towards the supplemental law enforcement plan for two law enforcement employees.

5. Risk Management

The County is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association (NIRMA), a public entity risk pool currently operating as a common risk management and insurance program for 106 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 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, 2022, consisted of the following:

Transfers to	Transfers from					Total
	General Fund	Road Fund	Inheritance Fund	Disaster Fund	Nonmajor Funds	
General Fund	\$ -	\$ -	\$ 356,580	\$ -	\$ -	\$ 356,580
Road Fund	344,793	-	4,493	-	-	349,286
Inheritance Fund	3,400	4,494	-	491,122	7,319	506,335
Disaster Fund	-	131,714	328,155	-	-	459,869
Nonmajor Funds	34,104	-	7,319	-	-	41,423
Total	\$ 382,297	\$ 136,208	\$ 696,547	\$ 491,122	\$ 7,319	\$ 1,713,493

GARFIELD COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

6. Interfund Transfers (Concluded)

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

In the year ended June 30, 2022, the County made transfers of \$131,714 from the Road Fund to the Disaster Fund, \$491,122 from the Disaster Fund to the Inheritance Fund, and \$7,319 from the Library Fund to the Inheritance Fund, to repay previous transfers.

7. Long-Term ObligationsLease-Purchase Agreements

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

	Motor Grader	2021 John Deere Motor Grader	Total
Balance July 1, 2021	\$ 123,118	\$ -	\$ 123,118
Purchases	-	321,623	321,623
Payments	22,938	46,039	68,977
Balance June 30, 2022	<u>\$ 100,180</u>	<u>\$ 275,584</u>	<u>\$ 375,764</u>
Future Payments:			
Year			
2023	\$ 27,071	\$ 50,080	\$ 77,151
2024	27,071	50,080	77,151
2025	27,072	50,080	77,152
2026	27,072	50,081	77,153
2027	-	50,081	50,081
2028	-	50,081	50,081
Total Payments	<u>108,286</u>	<u>300,483</u>	<u>408,769</u>
Less Interest	<u>8,106</u>	<u>24,899</u>	<u>33,005</u>
Present Value of Future Minimum Lease Payments	<u>\$ 100,180</u>	<u>\$ 275,584</u>	<u>\$ 375,764</u>
Carrying Value of the Related Fixed Asset	<u>\$ 227,000</u>	<u>\$ 346,612</u>	<u>\$ 573,612</u>

GARFIELD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 1,291,119	\$ 1,291,119	\$ 1,155,014	\$ (136,105)
Licenses and Permits	13,885	13,885	11,830	(2,055)
Investment Income	900	900	1,308	408
Intergovernmental	24,077	24,077	148,224	124,147
Charges for Services	134,597	134,597	97,442	(37,155)
Miscellaneous	31,292	31,292	4,895	(26,397)
TOTAL RECEIPTS	<u>1,495,870</u>	<u>1,495,870</u>	<u>1,418,713</u>	<u>(77,157)</u>
DISBURSEMENTS				
General Government:				
County Board	59,450	59,450	59,387	63
County Clerk	114,620	114,620	111,315	3,305
County Treasurer	117,500	117,500	111,655	5,845
County Assessor	152,270	152,270	116,845	35,425
Election Commissioner	16,700	16,700	16,057	643
Clerk of the District Court	32,175	32,175	16,840	15,335
County Court System	11,300	11,300	3,003	8,297
Building and Grounds	119,400	119,400	32,547	86,853
Reappraisal	42,000	42,000	2,294	39,706
Agricultural Extension Agent	36,000	36,000	31,536	4,464
Miscellaneous	673,487	673,487	587,295	86,192
Public Safety				
County Sheriff	199,559	199,559	163,092	36,467
County Attorney	88,775	88,775	88,427	348
County Jail	53,300	53,300	10,547	42,753
Public Works				
Noxious Weed Control	98,215	98,215	54,959	43,256
Public Assistance				
Veterans' Service Officer	15,145	15,145	14,184	961
TOTAL DISBURSEMENTS	<u>1,829,896</u>	<u>1,829,896</u>	<u>1,419,983</u>	<u>409,913</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(334,026)</u>	<u>(334,026)</u>	<u>(1,270)</u>	<u>332,756</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,417,663	1,417,663	356,580	(1,061,083)
Transfers out	(1,007,525)	(1,007,525)	(382,297)	625,228
TOTAL OTHER FINANCING SOURCES (USES)	<u>410,138</u>	<u>410,138</u>	<u>(25,717)</u>	<u>(435,855)</u>
Net Change in Fund Balance	76,112	76,112	(26,987)	(103,099)
FUND BALANCE - BEGINNING	<u>34,057</u>	<u>34,057</u>	<u>34,057</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 110,169</u>	<u>\$ 110,169</u>	<u>\$ 7,070</u>	<u>\$ (103,099)</u>

GARFIELD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 440,396	\$ 440,396	\$ 418,986	\$ (21,410)
Charges for Services	-	-	624	624
Miscellaneous	33,300	33,300	4,526	(28,774)
TOTAL RECEIPTS	473,696	473,696	424,136	(49,560)
DISBURSEMENTS	1,331,751	1,331,751	746,347	585,404
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(858,055)	(858,055)	(322,211)	535,844
OTHER FINANCING SOURCES (USES)				
Transfers in	890,000	890,000	349,286	(540,714)
Transfers out	(131,714)	(131,714)	(136,208)	(4,494)
TOTAL OTHER FINANCING SOURCES (USES)	758,286	758,286	213,078	(545,208)
Net Change in Fund Balance	(99,769)	(99,769)	(109,133)	(9,364)
FUND BALANCE - BEGINNING	109,179	109,179	109,179	-
FUND BALANCE - ENDING	\$ 9,410	\$ 9,410	\$ 46	\$ (9,364)
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 47,500	\$ 47,500	\$ 124,070	\$ 76,570
TOTAL RECEIPTS	47,500	47,500	124,070	76,570
DISBURSEMENTS	5,000	5,000	1,890	3,110
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	42,500	42,500	122,180	79,680
OTHER FINANCING SOURCES (USES)				
Transfers in	1,397,813	1,397,813	506,335	(891,478)
Transfers out	(1,528,048)	(1,528,048)	(696,547)	831,501
TOTAL OTHER FINANCING SOURCES (USES)	(130,235)	(130,235)	(190,212)	(59,977)
Net Change in Fund Balance	(87,735)	(87,735)	(68,032)	19,703
FUND BALANCE - BEGINNING	387,735	387,735	387,735	-
FUND BALANCE - ENDING	\$ 300,000	\$ 300,000	\$ 319,703	\$ 19,703

(Continued)

GARFIELD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DISASTER FUND				
RECEIPTS				
Intergovernmental	\$ 1,787,239	\$ 1,787,239	\$ 359,408	\$ (1,427,831)
TOTAL RECEIPTS	1,787,239	1,787,239	359,408	(1,427,831)
DISBURSEMENTS	660,000	660,000	328,155	331,845
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	1,127,239	1,127,239	31,253	(1,095,986)
OTHER FINANCING SOURCES (USES)				
Transfers in	331,714	331,714	459,869	128,155
Transfers out	(1,458,953)	(1,458,953)	(491,122)	967,831
TOTAL OTHER FINANCING SOURCES (USES)	(1,127,239)	(1,127,239)	(31,253)	1,095,986
Net Change in Fund Balance	-	-	-	-
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ -	\$ -
HIGHWAY STREET BUYBACK FUND				
RECEIPTS				
Intergovernmental	\$ 35,142	\$ 35,142	\$ 34,391	\$ (751)
TOTAL RECEIPTS	35,142	35,142	34,391	(751)
DISBURSEMENTS	107,144	107,144	12,340	94,804
Net Change in Fund Balance	(72,002)	(72,002)	22,051	94,053
FUND BALANCE - BEGINNING	72,002	72,002	72,002	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 94,053	\$ 94,053
COVID AMERICAN RESCUE PLAN FUND				
RECEIPTS				
Investment Income	\$ -	\$ -	\$ 382	\$ 382
Intergovernmental	191,231	191,231	191,227	(4)
TOTAL RECEIPTS	191,231	191,231	191,609	378
DISBURSEMENTS	382,462	382,462	117,515	264,947
Net Change in Fund Balance	(191,231)	(191,231)	74,094	265,325
FUND BALANCE - BEGINNING	191,231	191,231	191,231	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 265,325	\$ 265,325

(Concluded)

GARFIELD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
HIGHWAY BRIDGE BUYBACK FUND				
Receipts	\$ 10,306	\$ 10,306	\$ 10,306	\$ -
Disbursements	(37,335)	(37,335)	(3,600)	33,735
Net Change in Fund Balance	(27,029)	(27,029)	6,706	33,735
Fund Balance - Beginning	27,029	27,029	27,029	-
Fund Balance - Ending	\$ -	\$ -	\$ 33,735	\$ 33,735
GEOGRAPHICAL INFORMATION SYSTEM FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(20,000)	(20,000)	(10,670)	9,330
Transfers in	20,000	20,000	10,670	(9,330)
Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -
PLANNING & ZONING FUND				
Receipts	\$ 820	\$ 820	\$ 1,130	\$ 310
Disbursements	(26,725)	(26,725)	(10,278)	16,447
Transfers in	26,000	26,000	9,079	(16,921)
Transfers out	-	-	-	-
Net Change in Fund Balance	95	95	(69)	(164)
Fund Balance - Beginning	94	94	94	-
Fund Balance - Ending	\$ 189	\$ 189	\$ 25	\$ (164)
VISITOR PROMOTION FUND				
Receipts	\$ 46,000	\$ 46,000	\$ 16,868	\$ (29,132)
Disbursements	(71,500)	(71,500)	(40,881)	30,619
Net Change in Fund Balance	(25,500)	(25,500)	(24,013)	1,487
Fund Balance - Beginning	33,326	33,326	33,326	-
Fund Balance - Ending	\$ 7,826	\$ 7,826	\$ 9,313	\$ 1,487
VISITOR IMPROVEMENT FUND				
Receipts	\$ 45,000	\$ 45,000	\$ 16,488	\$ (28,512)
Disbursements	(51,100)	(51,100)	(7,717)	43,383
Net Change in Fund Balance	(6,100)	(6,100)	8,771	14,871
Fund Balance - Beginning	21,701	21,701	21,701	-
Fund Balance - Ending	\$ 15,601	\$ 15,601	\$ 30,472	\$ 14,871

(Continued)

GARFIELD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
PRESERVATION & MODERNIZATION FUND				
Receipts	\$ 2,154	\$ 2,154	\$ 1,867	\$ (287)
Disbursements	(9,000)	(9,000)	-	9,000
Net Change in Fund Balance	(6,846)	(6,846)	1,867	8,713
Fund Balance - Beginning	6,846	6,846	6,846	-
Fund Balance - Ending	\$ -	\$ -	\$ 8,713	\$ 8,713
LIBRARY FUND				
Receipts	\$ 82,035	\$ 82,035	\$ 74,452	\$ (7,583)
Disbursements	(77,023)	(77,023)	(69,704)	7,319
Transfers in	-	-	7,319	7,319
Transfers out	-	-	(7,319)	(7,319)
Net Change in Fund Balance	5,012	5,012	4,748	(264)
Fund Balance - Beginning	2,561	2,561	2,561	-
Fund Balance - Ending	\$ 7,573	\$ 7,573	\$ 7,309	\$ (264)
LIBRARY MEMORIAL FUND				
Receipts	\$ 608	\$ 608	\$ -	\$ (608)
Disbursements	(1,200)	(1,200)	-	1,200
Net Change in Fund Balance	(592)	(592)	-	592
Fund Balance - Beginning	592	592	592	-
Fund Balance - Ending	\$ -	\$ -	\$ 592	\$ 592
LIBRARY GRANT FUND				
Receipts	\$ 7,075	\$ 7,075	\$ 1,498	\$ (5,577)
Disbursements	(12,000)	(12,000)	(4,471)	7,529
Net Change in Fund Balance	(4,925)	(4,925)	(2,973)	1,952
Fund Balance - Beginning	4,925	4,925	4,925	-
Fund Balance - Ending	\$ -	\$ -	\$ 1,952	\$ 1,952
STOP PROGRAM FUND				
Receipts	\$ 1,680	\$ 1,680	\$ 650	\$ (1,030)
Disbursements	(6,000)	(6,000)	-	6,000
Net Change in Fund Balance	(4,320)	(4,320)	650	4,970
Fund Balance - Beginning	4,320	4,320	4,320	-
Fund Balance - Ending	\$ -	\$ -	\$ 4,970	\$ 4,970

(Continued)

GARFIELD COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
MISC FEDERAL & STATE GRANTS FUND				
Receipts	\$ 676,950	\$ 676,950	\$ -	\$ (676,950)
Disbursements	(720,000)	(720,000)	(14,355)	705,645
Transfers in	71,525	71,525	14,355	(57,170)
Transfers out	(28,475)	(28,475)	-	28,475
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DRUG LAW ENFORCEMENT & EDUCATION 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 ENFORCEMENTS GRANT 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>

(Concluded)

GARFIELD COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR FUNDS
For the Year Ended June 30, 2022

	Highway Bridge Buyback Fund	Geographical Information System Fund	Planning & Zoning Fund	Visitor Promotion Fund
RECEIPTS				
Taxes	\$ -	\$ -	\$ -	\$ 16,488
Licenses and Permits	-	-	1,130	-
Intergovernmental	10,306	-	-	-
Charges for Services	-	-	-	-
Miscellaneous	-	-	-	380
TOTAL RECEIPTS	10,306	-	1,130	16,868
DISBURSEMENTS				
General Government	-	10,670	10,278	-
Public Works	3,600	-	-	-
Culture and Recreation	-	-	-	40,881
TOTAL DISBURSEMENTS	3,600	10,670	10,278	40,881
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	6,706	(10,670)	(9,148)	(24,013)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	10,670	9,079	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	10,670	9,079	-
Net Change in Fund Balances	6,706	-	(69)	(24,013)
FUND BALANCES - BEGINNING	27,029	-	94	33,326
FUND BALANCES - ENDING	\$ 33,735	\$ -	\$ 25	\$ 9,313
FUND BALANCES:				
Restricted for:				
Visitor Promotion	-	-	-	9,313
Preservation of Records	-	-	-	-
Road/Bridge Maintenance	33,735	-	-	-
Library	-	-	-	-
Committed to:				
Law Enforcement	-	-	-	-
Planning & Zoning	-	-	25	-
TOTAL FUND BALANCES	\$ 33,735	\$ -	\$ 25	\$ 9,313

(Continued)

GARFIELD COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR FUNDS
For the Year Ended June 30, 2022

	Visitor Improvement Fund	Preservation & Modernization Fund	Library Fund	Library Memorial Fund
RECEIPTS				
Taxes	\$ 16,488	\$ -	\$ 63,183	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	10,947	-
Charges for Services	-	1,867	322	-
Miscellaneous	-	-	-	-
TOTAL RECEIPTS	16,488	1,867	74,452	-
DISBURSEMENTS				
General Government	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	7,717	-	69,704	-
TOTAL DISBURSEMENTS	7,717	-	69,704	-
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	8,771	1,867	4,748	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	7,319	-
Transfers out	-	-	(7,319)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balances	8,771	1,867	4,748	-
FUND BALANCES - BEGINNING	21,701	6,846	2,561	592
FUND BALANCES - ENDING	\$ 30,472	\$ 8,713	\$ 7,309	\$ 592
FUND BALANCES:				
Restricted for:				
Visitor Promotion	30,472	-	-	-
Preservation of Records	-	8,713	-	-
Road/Bridge Maintenance	-	-	-	-
Library	-	-	7,309	592
Committed to:				
Law Enforcement	-	-	-	-
Planning & Zoning	-	-	-	-
TOTAL FUND BALANCES	\$ 30,472	\$ 8,713	\$ 7,309	\$ 592

(Continued)

GARFIELD COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR FUNDS
For the Year Ended June 30, 2022

	Library Grant Fund	STOP Program Fund	Misc Federal & State Grants Fund	Total Nonmajor Funds
RECEIPTS				
Taxes	\$ -	\$ -	\$ -	\$ 96,159
Licenses and Permits	-	-	-	1,130
Intergovernmental	762	-	-	22,015
Charges for Services	736	650	-	3,575
Miscellaneous	-	-	-	380
TOTAL RECEIPTS	1,498	650	-	123,259
DISBURSEMENTS				
General Government	-	-	-	20,948
Public Works	-	-	-	3,600
Culture and Recreation	4,471	-	14,355	137,128
TOTAL DISBURSEMENTS	4,471	-	14,355	161,676
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(2,973)	650	(14,355)	(38,417)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	14,355	41,423
Transfers out	-	-	-	(7,319)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	14,355	34,104
Net Change in Fund Balances	(2,973)	650	-	(4,313)
FUND BALANCES - BEGINNING	4,925	4,320	-	101,394
FUND BALANCES - ENDING	\$ 1,952	\$ 4,970	\$ -	\$ 97,081
FUND BALANCES:				
Restricted for:				
Visitor Promotion	-	-	-	39,785
Preservation of Records	-	-	-	8,713
Road/Bridge Maintenance	-	-	-	33,735
Library	1,952	-	-	9,853
Committed to:				
Law Enforcement	-	4,970	-	4,970
Planning & Zoning	-	-	-	25
TOTAL FUND BALANCES	\$ 1,952	\$ 4,970	\$ -	\$ 97,081

(Concluded)

GARFIELD COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2022

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	County Library	Veterans' Service Officer	County Assessor	County Treasurer	Total
BALANCES JULY 1, 2021	\$ 3,717	\$ 3,174	\$ 535	\$ -	\$ 75	\$ 2,552	\$ 50	\$ 50	\$ 10,153
RECEIPTS									
Licenses and Permits	460	-	-	-	-	-	-	-	460
Charges for Services	30,395	1,114	2,181	30	1,094	-	-	-	34,814
Miscellaneous	108	-	-	-	-	203	20	28	359
State Fees	38,869	4,594	-	-	-	-	-	-	43,463
Other Liabilities	-	625,469	10,511	381	-	-	-	-	636,361
TOTAL RECEIPTS	69,832	631,177	12,692	411	1,094	203	20	28	715,457
DISBURSEMENTS									
Payments to County Treasurer	30,745	1,108	2,376	30	1,058	-	-	-	35,317
Payments to State Treasurer	39,161	4,582	-	-	-	-	-	-	43,743
Petty Cash & Other Payments	108	-	-	-	-	203	20	28	359
Other Liabilities	-	627,569	10,511	381	-	-	-	-	638,461
TOTAL DISBURSEMENTS	70,014	633,259	12,887	411	1,058	203	20	28	717,880
BALANCES JUNE 30, 2022	\$ 3,535	\$ 1,092	\$ 340	\$ -	\$ 111	\$ 2,552	\$ 50	\$ 50	\$ 7,730
BALANCES CONSIST OF:									
Due to County Treasurer	\$ 1,603	\$ 51	\$ 340	\$ -	\$ 61	\$ 2,552	\$ -	\$ -	\$ 4,607
Petty Cash	50	-	-	-	50	-	50	50	200
Due to State Treasurer	1,882	110	-	-	-	-	-	-	1,992
Due to Others	-	931	-	-	-	-	-	-	931
BALANCES JUNE 30, 2022	\$ 3,535	\$ 1,092	\$ 340	\$ -	\$ 111	\$ 2,552	\$ 50	\$ 50	\$ 7,730

GARFIELD COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2022

Item	2017	2018	2019	2020	2021
Tax Certified by Assessor					
Real Estate	\$ 5,479,627	\$ 5,624,787	\$ 5,780,271	\$ 6,021,321	\$ 6,086,213
Personal and Specials	203,156	212,629	204,688	234,878	262,419
Total	<u>5,682,783</u>	<u>5,837,416</u>	<u>5,984,959</u>	<u>6,256,199</u>	<u>6,348,632</u>
Corrections					
Additions	2,737	645	1,888	461	306
Deductions	(7,348)	(1,005)	(16,390)	(3,086)	(6,931)
Net Additions/ (Deductions)	<u>(4,611)</u>	<u>(360)</u>	<u>(14,502)</u>	<u>(2,625)</u>	<u>(6,625)</u>
Corrected Certified Tax	<u>5,678,172</u>	<u>5,837,056</u>	<u>5,970,457</u>	<u>6,253,574</u>	<u>6,342,007</u>
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2018	3,516,072	-	-	-	-
June 30, 2019	2,158,658	3,592,865	-	-	-
June 30, 2020	829	2,239,140	3,688,969	-	-
June 30, 2021	1,006	3,029	2,278,427	4,171,245	-
June 30, 2022	1,293	1,692	2,434	2,081,594	4,138,686
Total Net Collections	<u>5,677,858</u>	<u>5,836,726</u>	<u>5,969,830</u>	<u>6,252,839</u>	<u>4,138,686</u>
Total Uncollected Tax	<u>\$ 314</u>	<u>\$ 330</u>	<u>\$ 627</u>	<u>\$ 735</u>	<u>\$ 2,203,321</u>
Percentage Uncollected Tax	<u>0.01%</u>	<u>0.01%</u>	<u>0.01%</u>	<u>0.01%</u>	<u>34.74%</u>

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



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
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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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 13, 2023. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing 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 the 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 a 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 first paragraph of this section 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.

Report on 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 financial statements. 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 June 13, 2023.

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 results 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.

A handwritten signature in black ink, appearing to read "Jeff Schreier".

Jeff Schreier, CPA
Audit Manager
Lincoln, Nebraska

June 13, 2023



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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June 13, 2023

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, 2022, and have issued our report thereon dated June 13, 2023. 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

Travel Expense Issues

The County Weed Superintendent (Superintendent) is the Vice President for the Nebraska Weed Control Association (NWCA). Part of his responsibilities for NWCA included attending the 2022 North American Invasive Species Management Association conference (Conference) held in Fort Meyers, Florida.

We found that the Superintendent used a County credit card to purchase two round-trip airline tickets, costing a total of \$2,400, for himself and his spouse to attend the Conference. The Conference was ultimately cancelled, and the airline tickets were not used. Nevertheless, according to County officials, the NWCA was expected to reimburse the County for the expenses incurred for attendance at the Conference; however, as of audit fieldwork in May 2023, the County had yet to receive any such reimbursement.

It should be noted that the Local Government Miscellaneous Expenditure Act (Act), which is set out at Neb. Rev. Stat. §§ 13-2201 to 13-2204 (Reissue 2022), specifies certain expenditures of public funds, aside from those authorized elsewhere in State statute, that various political subdivisions are allowed to make. Among those, per § 13-2203(1)(a) of the Act, are the following:

The expenditure of public funds for the payment or reimbursement of actual and necessary expenses incurred by elected and appointed officials, employees, or volunteers at educational workshops, conferences, training programs, official functions, hearings, or meetings, whether incurred within or outside the boundaries of the local government, if the governing body gave prior approval for participation or attendance at the event and for payment or reimbursement either by the formal adoption of a uniform policy or by a formal vote of the governing body. . . .

At the same time, though, § 13-2204 of the Act contains the following exclusionary language:

Nothing in the Local Government Miscellaneous Expenditure Act shall authorize the expenditure of public funds to pay for any expenses incurred by a spouse of an elected or appointed official, employee, or volunteer unless the spouse is also an elected or appointed official, employee, or volunteer of the local government. . . .

Furthermore, the County's "Employee Handbook" (January 1, 2019) states, "Reimbursement will be made for only those reasonable travel expenses strictly essential to the transaction of County business." (Emphasis added.)

In addition to being expressly disallowed under the Act, the travel expense for the Superintendent's wife does not appear to have been "strictly essential to the transaction of County business," as required by the "Employee Handbook."

Finally, Neb. Rev. Stat. § 13-610 (Reissue 2022) authorizes political subdivisions, such as the County, to implement their own purchasing card programs. That statute provides the following, in relevant part:

1) A political subdivision, through its governing body, may create its own purchasing card program. The governing body shall determine the type of purchasing card or cards utilized in the purchasing card program and shall approve or disapprove those persons who will be assigned a purchasing card. . . .

(2) Any political subdivision may utilize its purchasing card program for the purchase of goods and services for and on behalf of the political subdivision.

* * * *

(6) No officer or employee of a political subdivision shall use a political subdivision purchasing card for any unauthorized use as determined by the governing body.

(Emphasis added.) Purchasing an airline ticket for the Superintendent's wife, especially when such expenditure may not have been "strictly essential to the transaction of County business," does not appear to constitute a proper use of the County's credit card.

Good internal controls and sound business practices require procedures to ensure that the County's credit card is used only for proper governmental purchases, and those entrusted with its use are informed of the types of expenditures allowed.

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

We recommend the County Board implement procedures to ensure: 1) the County's credit card is used only for proper governmental purchases; and 2) those entrusted with the card's use are informed of the types of expenditures allowed.

Untimely Payments

During our audit, we noted that claim 22060068, totaling \$11,620, was approved on June 28, 2022. This claim was a payment for 5,810 yards of clay that was originally hauled between 2015 and 2020. Therefore, the payment was delayed up to seven years after the clay had been delivered.

Neb. Rev. Stat. § 23-135(1) (Reissue 2022) states, in relevant part, the following: "All claims against a county shall be filed with the county clerk within ninety days from the time when any materials or labor, which form the basis of the claims, have been furnished or performed"

Good internal controls and sound business practices require procedures to ensure that all claims against the County are submitted timely.

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

We recommend the County Board implement procedures to ensure that all claims against the County are submitted timely.

Retirement Contribution Error

We noted that one employee's retirement contributions were not properly withheld from all wages during the fiscal year ended June 30, 2022. This resulted in \$596 in employee contributions and \$894 in employer contributions not being properly withheld for retirement during the fiscal year.

The error was due to the County improperly classifying the employee as part-time for a portion of the fiscal year; therefore, retirement contributions were not withheld from the part-time compensation. However, this employee worked more than one-half of the regularly scheduled hours during all pay periods in the fiscal year and, consequently, should have had retirement withheld from all compensation, as mandated by State statute.

Neb. Rev. Stat. § 23-2301(15) (Reissue 2022) states, "Full-time employee means an employee who is employed to work one-half or more of the regularly schedule hours during each pay period[.]"

Neb. Rev. Stat. § 23-2306(2)(a) (Reissue 2022) states, in relevant part, "All permanent full-time employees who have attained the age of eighteen years shall begin participation in the retirement system upon employment"

The County's "Employee Handbook" (January 1, 2019) defines a regular full-time employee as an employee who is regularly scheduled to work 35 or more hours per week.

Additionally, good internal controls and sound business practices require procedures to ensure that retirement contributions are properly withheld, as required by State statute.

Without such procedures, there is an increased risk for both incorrect retirement contributions and noncompliance with State statute.

We recommend the County Board implement procedures to ensure that retirement contributions are properly withheld from all eligible County employees' wages. We further recommend the County Board works with the Nebraska Public Employees Retirement System to correct any prior contribution errors.

COUNTY CLERK

Balancing Procedures

During our audit, we noted that the County Clerk did not perform an asset-to-liability reconciliation, resulting in an unknown long of \$20 at June 30, 2022. The County Clerk's reconciled bank balance was \$3,485; however, unremitted June fee collections totaled only \$3,465. The County Clerk was unable to identify to whom the remaining \$20 was owed.

Good internal controls and sound accounting practices require procedures to ensure that office assets agree with office liabilities, and any variances are identified and resolved timely.

Without such procedures, there is an increased risk of not only financial errors and/or irregularities occurring and remaining undetected but also loss, theft, or misuse of County funds.

We recommend the County Clerk implement procedures to ensure that office assets agree with office liabilities, and any variances are identified and resolved timely.

COUNTY OVERALL

Segregation of Duties

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.

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.

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.

* * * * *

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,

A handwritten signature in black ink, appearing to read "Jeff Schreier".

Jeff Schreier, CPA
Audit Manager