

TWO RIVERS PUBLIC HEALTH DEPARTMENT

KEARNEY, NEBRASKA

FINANCIAL STATEMENTS

JUNE 30, 2020



**DANA F. COLE  
& COMPANY** LLP  
CERTIFIED PUBLIC ACCOUNTANTS

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
 KEARNEY, NEBRASKA  
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**DANA F. COLE  
& COMPANY<sup>LLP</sup>**  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Two Rivers Public Health Department  
Kearney, Nebraska

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Two Rivers Public Health Department as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Department'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 accounting principles generally accepted in the United State of America; this includes 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 error or fraud.

#### ***Auditors' 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 auditors' 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 entity'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 entity'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 audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Two Rivers Public Health Department as of June 30, 2020, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America, require that the management's discussion and analysis on pages 4 - 9 and the budgetary comparison information on pages 30 - 31 be presented to supplement the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Two Rivers Public Health Department's basic financial statements. The supplementary information on page 37 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards on pages 34 - 36 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining statement of revenues and expenditures by program - General Fund and the schedule of expenditures of federal awards on pages 34 - 36 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 supplementary information on page 37 and the schedule of federal expenditures of federal awards on pages 34 - 36 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2020, on our consideration of Two Rivers Public Health Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 Two Rivers Public Health Department's internal control over financial reporting and compliance.

Dana F Cole + Company, LLP

North Platte, Nebraska  
December 30, 2020

## TWO RIVERS PUBLIC HEALTH DEPARTMENT MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued June 1999.

Our discussion and analysis of the Two Rivers Public Health Department (the Health Department) offers readers of the Health Department's financial statements this narrative overview and analysis of the financial activities of the Health Department's primary government for the fiscal year ended June 30, 2020. Please read the MD&A in conjunction with the Health Department's financial statements.

### **FINANCIAL HIGHLIGHTS**

Total assets of the Health Department increased from \$1,045,764 for the year ended June 30, 2019, to \$1,550,142 for the year ended June 30, 2020. The increase of \$504,378 was due to the increase in cash and the net pension asset.

Total liabilities of the Health Department increased from 2019 to 2020 by \$3,765. The primary changes from 2019 were the decrease in net pension liability and the increase of the accounts payable and accrued wages in 2020.

Total revenues of the Health Department increased from \$1,161,150 for the year ended 2019, to \$1,703,448 for the year ended 2020. The major reason for this \$572,269 increase is due to the increase in federal grants received, primarily related to COVID-19.

Total expenses for the Health Department increased by \$19,259 from the year ended June 30, 2019, to the year ended June 30, 2020. The main reason for this increase is due to an increase in supplies.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Health Department's basic financial statements. The Health Department's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Health Department's finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the Health Department's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Health Department is improving or deteriorating. The statement of activities presents

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

Government-Wide Financial Statements (Continued)

information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues, and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Health Department that are principally supported by intergovernmental revenues (governmental activities). The governmental activities of the Health Department include health and social services.

The government-wide financial statements can be found on pages 10 and 11 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Health Department, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Health Department are government funds.

Governmental Funds

Governmental funds are used to account for essentially the functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Health Department maintains one individual governmental fund, the General Fund.

The Health Department adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12 through 14 of this report.

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 through 29 of this report.

Other information

Supplementary schedules can be found on pages 30 through 37 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The largest portion of the Health Department's total assets (95%) reflects its current assets.

**Two Rivers Public Health Department's Net Position**

	Governmental Activities	
	2020	2019
Current and other assets	1,542,051	1,009,748
Capital assets	8,091	36,016
Total assets	1,550,142	1,045,764
 Deferred outflows	 56,515	 128,589
 Other liabilities	 80,614	 76,849
 Deferred inflows	 64,855	 89,542
 Net position	 1,461,188	 1,007,962

**Two Rivers Public Health Department's Statement of Activities**

	2020	2019
<b>REVENUES</b>		
Governmental Activities		
Health and Social Services Grants	1,080,380	470,425



TWO RIVERS PUBLIC HEALTH DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

	2020	2019
REVENUES (Continued)		
General revenues		
State funds - LB 1060/692	412,487	412,487
Other state grants	2,446	41,651
Local grants	175,008	198,305
In-kind contributions	20,868	14,531
Interest income	20,280	9,817
Miscellaneous	(8,021)	13,943
Total general revenues	623,068	690,734
Total revenues	1,703,448	1,161,159
DISBURSEMENTS	1,250,222	1,230,963
CHANGE IN NET POSITION	453,226	(69,804)
NET POSITION, beginning of year	1,007,962	1,077,766
NET POSITION, end of year	1,461,188	1,007,962

Governmental Activities

Governmental activities increased the Health Department's net position by \$453,226. The key element of this increase were the grant funds received in advance for COVID-19 expenditures. The remaining balance will be expended in the next fiscal year.

Program revenues at June 30, 2020, were \$1,080,380, an increase of \$609,955 from \$470,425 at June 30, 2019. The increase was due to increased federal funding.

General revenue decreased from \$690,734 at June 30, 2019, to \$623,068 at June 30, 2020. The decrease in local grants was a key element for this increase.

Program expenses at June 30, 2020, were \$1,250,222, a \$19,259 increase from \$1,230,963 at June 30, 2019. The increase in expenditures was due in part to the increase in supplies.

The Health Department implemented GASB Statement 68 for the year ended June 30, 2018. With the new reporting change, the Health Department is allocated its proportional share of the Nebraska County Employees Retirement System Cash Balance Benefit Plan's net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense. Decisions regarding the allocations are made by the administrators of the pension plan, not by the Health Department's management.

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

Governmental Activities (Continued)

The Health Department's deferred outflows at June 30, 2020, were \$56,515 compared to \$128,589 at June 30, 2019. A large portion of this is due to pension contributions made subsequent to the Nebraska County Employees Retirement System Cash Balance Benefit Plan's measurement date of December 31, 2018, in accordance with GASB Statement No. 71 as well as an increase in the net difference between projected and actual earnings on pension plan investments.

Deferred inflows decreased by \$24,687 from \$89,542 at June 30, 2019, to \$64,855 at June 30, 2020. This decrease is due to differences between expected and actual experience of the Health Department's proportionate share of the Nebraska County Employees Retirement System Cash Balance Benefit Plan.

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, the Health Department uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Health Department's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Health Department's financing requirements.

Expenditures and Program Revenues - Governmental Funds

	Revenues	Expenditures	Excess of Revenues Over Expenditures
2019 - 2020	<u>1,733,428</u>	<u>1,262,566</u>	<u>470,862</u>
2018 - 2019	<u>1,161,159</u>	<u>1,118,383</u>	<u>42,776</u>

At June 30, 2020, fund balance of the General Fund was \$1,447,067, an increase of \$470,862 compared to the June 30, 2019, balance of \$976,205.

Current year expenditures include capital outlay of \$14,006, compared to \$4,030 for the prior year, an increase of \$9,976.

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**CAPITAL ASSETS**

The Health Department's investment in capital assets for its governmental activities as of June 30, 2020, amounts to \$8,091 (net of accumulated depreciation). This investment in capital assets includes building improvements, equipment and machinery, and vehicles.

	2020	2019
Buildings and improvements		47,971
Equipment and machinery	85,190	78,380
Vehicles	24,500	29,800
	<u>109,690</u>	<u>156,151</u>
Less accumulated depreciation	(101,599)	(120,135)
Net capital assets	<u>8,091</u>	<u>36,016</u>

The main reason for the decrease is due to the abandonment of leasehold improvements.

**BUDGETARY HIGHLIGHTS**

The General Fund was over budget in revenues by \$739,007 and was under budget in expenditures by \$242,693 for the current fiscal year. The key element for being under budget on both revenue and expenditures was due to the budgeting of additional grants expected that were not received.

**FUTURE CONDITIONS**

The Health Department outlook for the next year expects increases in either revenues and expenses due to the continued response to the COVID-19 pandemic.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Health Department's primary government finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Health Director, 516 West 11th Street, Ste. 1088, Kearney, Nebraska 68845.

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
 KEARNEY, NEBRASKA  
 STATEMENT OF NET POSITION  
 JUNE 30, 2020

ASSETS	
Cash in bank and on hand	1,336,053
Accounts receivable	144,557
Net pension asset	61,441
Capital assets, net	<u>8,091</u>
TOTAL ASSETS	<u>1,550,142</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	<u>56,515</u>
LIABILITIES	
Accounts payable	48,655
Accrued wages	25,203
Payroll taxes withheld	<u>6,756</u>
TOTAL LIABILITIES	<u>80,614</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	<u>64,855</u>
NET POSITION	
Net investment in capital assets	8,091
Restricted	320,901
Unrestricted	<u>1,132,196</u>
TOTAL NET POSITION	<u><u>1,461,188</u></u>

The accompanying notes are an integral part of these financial statements.

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
 KEARNEY, NEBRASKA  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2020

		Program Revenues	Net (Disbursements) Receipts and Changes in Net Position
	Disburse- ments	Operating Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS			
Governmental Activities			
Health and Social Services	<u>1,250,222</u>	<u>1,080,380</u>	<u>(169,842)</u>
General revenues			
State funds - LB 1060/692			412,487
Other state grants			2,446
Local grants			175,008
In-kind contributions			20,868
Interest income			20,280
Miscellaneous			<u>(8,021)</u>
Total general revenues			<u>623,068</u>
CHANGE IN NET POSITION			453,226
NET POSITION, beginning of year			<u>1,007,962</u>
NET POSITION, end of year			<u>1,461,188</u>

The accompanying notes are an integral part of these financial statements.

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
 KEARNEY, NEBRASKA  
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE  
 GOVERNMENTAL FUNDS  
 JUNE 30, 2020

ASSETS

ASSETS	
Cash in bank and on hand	1,336,053
Accounts receivable	<u>144,557</u>
TOTAL ASSETS	<u>1,480,610</u>

LIABILITIES AND FUND BALANCE

LIABILITIES	
Accounts payable	48,655
Accrued wages	25,203
Payroll taxes withheld	<u>6,756</u>
Total liabilities	<u>80,614</u>
FUND BALANCE	
Unassigned	<u>1,399,996</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>1,480,610</u>

Total fund balance 1,399,996

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds 8,091

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:

Net pension asset 61,441  
 Pension related deferred outflows 56,515

Certain liabilities are not due and payable in the current period from current financial resources, and therefore are not reported in the funds:

Pension related deferred inflows (64,855)

Net position of governmental activities 1,461,188

The accompanying notes are an integral part of these financial statements.

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
 KEARNEY, NEBRASKA  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 YEAR ENDED JUNE 30, 2020

REVENUES	
Federal grants	1,080,380
State funds - LB 1060/692	412,487
State funds - other	2,446
Local grants	175,008
In-kind contributions	20,868
Interest income	20,280
Miscellaneous	21,959
Total revenues	<u>1,733,428</u>
EXPENDITURES	
Automobile expenses	2,721
Capital outlay	14,006
Communications	38,302
Computer expenses	70,561
Contract labor	137,013
Dues and subscriptions	16,543
Fringe benefits	130,654
In-kind expenses	20,868
Insurance	19,682
Meeting expense	4,299
Mileage reimbursements	12,396
Miscellaneous	4,875
Office supplies	22,855
Professional fees	21,345
Rent	47,305
Supplies	156,245
Travel and lodging	3,248
Wages	586,719
Total expenditures	<u>1,309,637</u>
CHANGE IN FUND BALANCE	423,791
FUND BALANCE, beginning of year	<u>976,205</u>
FUND BALANCE, end of year	<u><u>1,399,996</u></u>

The accompanying notes are an integral part of these financial statements.

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
 KEARNEY, NEBRASKA  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2020

Net change in fund balance - governmental funds 423,791

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount of capital outlay in the current period.

Capital asset purchases capitalized	6,810
Depreciation expense	(4,753)
Loss from disposal of capital assets	(29,982)

In the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as an element of pension expense.

The governmental funds report pension contributions as expenditures	<u>57,360</u>
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Change in net position 453,226

The accompanying notes are an integral part of these financial statements.



TWO RIVERS PUBLIC HEALTH DEPARTMENT  
KEARNEY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies of the Two Rivers Public Health Department (the Department).

The financial statements are presented in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies are described below.

Reporting Entity

Two Rivers Public Health Department is a public health department created by Nebraska Revised Statutes 71-1626 to 71-1636. The Department serves the Buffalo, Dawson, Franklin, Gosper, Harlan, Kearney, and Phelps counties in south central Nebraska. The Department's financial statements include all funds over which the Board of Health shall have full authority over the financial affairs of the Department; shall provide for the collection of all revenues and other assets, the auditing and settlement of accounts, and the safekeeping and disbursement of public moneys; and, in the exercise of sound discretion, shall make appropriations for the payment of all liabilities and expenditures. The Executive Director shall control the direct administration of the Department's affairs. His or her powers and duties shall be:

- a. To see that the Charter and the laws, ordinances, and resolutions of the Department are enforced.
- b. To appoint and remove employees in the department, all appointments to be upon merit and fitness alone.
- c. To exercise control over all departments and divisions of the Department administration.
- d. To attend all meetings of the Board of Health, with the right to take part in the discussion but having no vote. The Board of Health may, at its discretion, exclude the Executive Director from meetings at which such removal is considered.
- e. To recommend to the Board of Health for adoption such measures as the Executive Director may deem necessary for the welfare of the people and the efficient administration of the Department affairs.
- f. To keep the Board of Health fully advised as to the financial condition and needs of the Department and to prepare and to submit to the Board of Health the annual budget.
- g. To perform such other duties as may be prescribed by the Charter or required of the Executive Director by ordinance or resolution adopted by the Board of Health.

As of July 1, 2016, the Department is not includable as a component unit within another reporting entity. Prior to that date, it was an activity administered by Community Action Partnership of Mid-Nebraska. Board members consist of one County Commissioner and one public-spirit-minded person selected from each county in the District, plus a physician appointed dentist, mid-level practitioner, veterinarian, and a minority health representative.

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
KEARNEY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities report information on the Department as a whole. They include all funds of the Department. The effects of inter-fund activity have been removed from these statements. Governmental activities generally are financed through taxes and intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Department does not report any business-type activities.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Department or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the Department and is always classified as a major fund. It is used to account for all activities except for those legally or administratively required to be accounted for in other funds.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
KEARNEY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the government's function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental fund financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible with the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Department considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property tax, sales taxes, franchise taxes, licenses, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Department.

The Department has no business-type funds or fiduciary-type funds.

Cash and Cash Equivalents

Cash available, in excess of immediate needs, is invested in savings accounts and savings certificates. Cash equivalents are limited to short-term, highly-liquid investments that are both readily convertible to known amounts of cash and of an original maturity or three months or less. For purposes of the cash flow statements, these accounts are classified as cash and cash equivalents. As of June 30, 2020, the Department had no cash equivalents.

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
KEARNEY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable primarily consist of unpaid grants and are considered to be fully collectible; accordingly, no allowance for doubtful accounts is required. If the accounts become uncollectible, they will be charged to operations when that determination is made.

Prepays

Prepaid balances are for payments made by the Department in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

Inventories

Inventory is recorded as an expenditure at the time of purchase.

Capital Assets

Capital assets, which include property, plant, and equipment, infrastructure assets, and intangible assets, are reported in the applicable governmental activities column in the government-wide financial statements.

Government-Wide Financial Statements

Capital assets are defined by the Department as assets with an estimated useful life in excess of one year and an initial cost of more than \$1,000.

Donated capital assets are recorded at estimated fair value on the rate received. Certain assets for which actual costs are not available have been valued on the basis of a professional valuation that determined their approximate historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
KEARNEY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classification

Government-Wide Financial Statements

Equity is classified as net position and displayed in three components:

Invested in capital assets, net of related debt - Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - Consists of restricted assets reduced by liabilities and deferred inflows of resource related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

Unrestricted net position - Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets, net of related debt, or the restricted net position.

It is the Department's policy to first use restricted components of net position prior to the use of unrestricted components of net position when an expense is incurred for purposes for which both restricted and unrestricted components of net position are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Department is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable

This classification includes amounts that cannot be spent because they either (a) are not in spendable form or (b) are legally or contractually required to be maintained intact. The Department currently has no amounts classified in this category.

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
KEARNEY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classification (Continued)

Fund Financial Statements (Continued)

Fund Balance Classification (Continued)

Restricted

This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. The Department currently has no amounts classified in this category.

Committed

This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Health. These amounts cannot be used for any other purpose unless the Board of Health removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specially committed for use in satisfying those contractual requirements. The Department currently has no amounts classified in this category.

Assigned

This classification includes amounts that are constrained by the Department's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Health or through the Board of Health's delegating this responsibility to the Executive Director through the budgetary process. The Department currently has no amounts classified in this category.

Unassigned

This classification includes the residual fund balance for the General Fund.

The Department would typically use restricted fund balances first followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
KEARNEY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budget Process and Property Taxes

The Department was required by state law to adopt an annual budget for each year ending June 30, 2006, and thereafter.

State statutes of the Nebraska Budget Act provide the prescribed budget practices and procedures that governing bodies are required to follow. The amounts that may be budgeted for certain specific funds are subject to various expenditures and/or tax levy limitations. The Department will not levy any taxes.

The Department follows these procedures in establishing the budgetary data reflected in the accompanying financial statements.

The Department submits to the Board of Directors a proposed operating budget, on the cash basis, for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the resources available to finance them.

The budget is published with subsequent public hearings to obtain comments.

Prior to September 20, the Board of Directors adopts the budget, which is then filed with the appropriate state and county officials.

Total expenditures may not legally exceed total appropriations. Appropriations lapse at year end, and any revisions to the budget require Board of Directors approval.

Compensated Absences

Paid time off (PTO) accrues from the first day of employment for all full-time employees. The PTO accrues at a rate that is based on length of service, ranging from 18 days to 24 days. Employees are allowed to carry over PTO hours ranging from 22 days to 28 days, based on length of service.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. CASH AND INVESTMENTS

For the following disclosures, deposits - including checking accounts, savings accounts, money market accounts, and certificates of deposit - are all classified as cash or cash and cash equivalents on the financial statements.

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
KEARNEY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 2. CASH AND INVESTMENTS (Continued)

Custodial Credit Risk - Deposits

All funds of the Department are deposited in board-designated official depositories and are required to be collateralized in accordance with Nebraska statutes. Official depositories may be established with any bank whose principal office is located in Nebraska. Also, the Department may establish time deposit accounts, money market accounts, and certificates of deposit.

Nebraska statutes require all depositories to collateralize public deposits in excess of federal depository insurance coverage.

Custodial credit risk is the risk that in the event of a bank failure, the Department's deposits may not be returned to it. As of June 30, 2020, all the Department deposits with financial institutions were fully insured or collateralized by securities held in the Department's name in the form of joint safekeeping receipts. State law requires all funds in depositories to be fully insured or collateralized, and the Department's policy is to require depositories to provide pledged securities to cover deposits in excess of FDIC limits. At June 30, 2020, the Department had no uninsured cash balances.

Investments

The Department may, by and with the consent of the Board of Directors, invest the funds of the Department in securities, the nature of which individuals with prudence, discretion, and intelligence acquire or retain in dealing with the property of another. The Department held no investments during the year.

NOTE 3. CAPITAL ASSETS

The Department's investment in capital assets for its governmental activities as of June 30, 2020, amounts to \$8,091 (net of accumulated depreciation). This investment in capital assets includes building and improvements, equipment and machinery, and vehicles.

	2020	2019
Buildings and improvements		47,971
Equipment and machinery	85,190	78,380
Vehicles	24,500	29,800
	109,690	156,151
Less accumulated depreciation	(101,599)	(120,135)
Net capital assets	8,091	36,016



TWO RIVERS PUBLIC HEALTH DEPARTMENT  
KEARNEY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 4. RISK MANAGEMENT

The Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Department has purchased commercial insurance to offset these certain risks. Settled claims have not significantly exceeded this commercial coverage in any of the past three fiscal years.

NOTE 5. CONCENTRATION OF RISK

Two Rivers Public Health Department receives the majority of its funding from state and federal contracts that are renewable annually. Legislative budgets could significantly impact Two Rivers Public Health Department's ability to start new programs and to continue existing programs.

NOTE 6. LEASES

The Department leases its operating areas in Lexington, Nebraska; and Kearney, Nebraska, under operating leases. The leases for the operating areas space currently call for monthly at a base rate of \$4,907 per month and continues through June 2025. The lease agreement is a triple net lease and the Department is also responsible for their portion of expenses. The Lexington is an annual agreement of \$75 per month through September 2020.

At June 30, 2020, a schedule of the future minimum rental payments required under the above is as follows:

Year Ending June 30,	
2021	59,114
2022	58,889
2023	58,889
2024	58,889
2025	58,889

NOTE 7. RETIREMENT PLAN

**Plan Description**

Two Rivers Public Health Department contributes to the Nebraska County Employees Retirement System Cash Balance Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Nebraska Public Employees Retirement System (NPERS). NPERS provides retirement and disability benefits to plan members and beneficiaries. The County Employees Retirement Act establishes benefit provisions.

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
KEARNEY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 7. RETIREMENT PLAN (Continued)

**Plan Description** (Continued)

The Nebraska Public Employees Retirement Board (NPERS) was created in 1971 to administer the Nebraska retirement plans. In 1973, the state legislature brought the County Employees Retirement Plan under the administration of NPERS. During the NPERS plan year ended December 31, 2018, there were 107 participating county employer entities. These were the employers that made contributions during the calendar year. All regular county employees in Nebraska are members of the Plan.

A member is eligible for retirement after attaining age 55. Upon an employee's attainment of age 55, regardless of service, the retirement allowance shall be equal to the accumulated employee and employer cash balance accounts including interest credits, annuitized for payment in the normal form. Also available are additional forms of payment allowed under the Plan, which are actuarially equivalent to the normal form, including the option of a full lump sum or partial lump sum.

The normal form of payment under the Cash Balance Benefit Fund is a single life annuity with 5-year certain, payable monthly. Members have the option to convert their member cash balance account to a monthly annuity with built in cost-of-living adjustments of 2.5% annually. This monthly benefit and all other options allowed under the Plan will be of actuarial equivalence to the accumulated employee and employer cash balance accounts including interest credits.

Optional forms of payment include a lump sum and the following annuities (with or without a 2.5% COLA): life annuity, modified cash refund, certain and life annuity (5, 10, or 15 years), certain-only annuity (5, 10, 15, or 20 years), and joint and survivor annuity (50%, 75%, or 100%).

For the Department's year ended June 30, 2020, the Department's total payroll for all employees was \$586,719. Total covered payroll was \$485,852. Covered payroll refers to all compensation paid by the Department to active employees covered by the Plan.

**Contributions**

The Department's contribution is based on 150% of the members' contributions to the fund. The Department contribution shall be credited to the employer cash balance account. The participating counties will also match the additional contribution made by commissioned law enforcement personnel at a rate of 100%. The Department's contribution to the Plan for its year ended June 30, 2020, was \$32,795.

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
KEARNEY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 7. RETIREMENT PLAN (Continued)

**Pension Liabilities**

At December 31, 2019, the Department had an asset of \$63,557 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The NPERS County Plan was 107.32% funded (actuarial accrued liability less actuarial assets) as of December 31, 2019. The Department's proportion of the net pension liability was based on a projection of the Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2019, the Department's proportion was 0.161920%, which was a decrease of .01881 percent from its proportion measured as of December 31, 2018.

For the year ended December 31, 2019, the Department's allocated pension expense was \$14,629. At June 30, 2020, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual Experience		18,519
Changes of assumptions	6,286	
Net difference between projected and actual earnings on pension plan investments	31,217	40,444
Changes in proportion and differences between Health Department contributions and proportionate share of contributions		5,892
Difference of Health Department fiscal year contributions and measurement period contributions	1,825	
Health Department contributions made subsequent to the measurement date	<u>17,187</u>	_____
Total	<u>56,515</u>	<u>64,855</u>

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
KEARNEY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 7. RETIREMENT PLAN (Continued)

**Pension Liabilities** (Continued)

Differences reported as deferred outflows of resources related to pensions resulting from timing differences of the Department contributions will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ended June 30	
2021	(9,038)
2022	(12,101)
2023	2,078
2024	(8,294)

**Actuarial Assumptions**

The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.75 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.80 - 8.00 percent
Long-term rate of return, net of investment expense, including price inflation	7.50 percent
Municipal bond index rate	2.75 percent
Year FNP is projected to be depleted	N/A
Single equivalent interest rate, net of investment expense, including price inflation	7.50 percent
Interest crediting rate, including dividends	6.25 percent

The County Plan's preretirement mortality rates were based on the RP-2014 White Collar Table for Employees, projected generationally with MP-2015 (100% of male rates for males, 55% of female rates for females).

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
KEARNEY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 7. RETIREMENT PLAN (Continued)

**Actuarial Assumptions** (Continued)

The County Plan's postretirement rates were based on the RP-2014 White Collar Table for Employees, set back two years, scaled, projected generationally from 2013 with a SOA projection scale tool using a 0.5% ultimate 2035 rate in 2035 (males: under 80, 1.008; over 80, 1.449; females: under 85, .924; over 85, 1.5855; geometrically blended).

The actuarial assumptions used in the valuation are based on the results of the actuarial experience study, which covered the 4-year period ending December 31, 2015. The experience study report is dated November 17, 2016.

The long-term expected real rate of return on pension plan investments was based upon the expected long-term investment returns provided by the investment consultant of the Nebraska Investment Council, who is responsible for investing the pension plan assets. The return assumptions were developed using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015, (see the discussion of the pension plans' investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Large Cap U.S. Equity	26.1%	5.83%
Small Cap U.S. Equity	2.9%	7.56%
Global Equity	15.0%	6.51%
International Developed Equity	10.8%	6.8%
Emerging Markets	2.7%	10.55%
Core Bonds	20.0%	1.63%
High Yield	3.5%	5.22%
Bank Loans	5.0%	2.78%
International Bonds	1.5%	1.41%
Private Equity	5.0%	9.70%
Real Estate	7.5%	5.18%
Total	100.0%	

\*Arithmetic mean, net of investment expenses and inflation.

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
 KEARNEY, NEBRASKA  
 NOTES TO FINANCIAL STATEMENTS

NOTE 7. RETIREMENT PLAN (Continued)

**Discount Rate**

The discount rate used to measure the total pension liability at December 31, 2019, was 7.50 percent. The discount rate is reviewed as part of the actuarial experience study, which covered the 4-year period ending June 30, 2015. The experience study report is dated November 17, 2016.

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and contributions from employers will be made at the contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability. The projected future benefit payments for all current plan members were projected through 2115.

**Sensitivity of the Department's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the Department's proportionate share of the December 31, 2019, net pension liability calculated using the discount rate of 7.50 percent, as well as what the Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	Discount Rate	Department's Proportionate Share of Net Pension Liability
1% decrease	6.50%	16,346
Current discount rate	7.50%	(63,557)
1% increase	8.50%	(131,041)

**Plan Fiduciary Net Position**

Detailed information about the Plan's fiduciary net position is available in the separately issued Nebraska Public Employees Retirement Systems Plan financial report. NPERS issues a publicly available financial report that includes financial statements and required supplementary information for NPERS. That report may be obtained by writing the NPERS, P.O. Box 94816, Lincoln, NE 68509-4816; by calling 1.800.245.5712; or via the Internet at [http://www.auditors.nebraska.gov/APA\\_Reports](http://www.auditors.nebraska.gov/APA_Reports).

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
KEARNEY, NEBRASKA  
NOTES TO FINANCIAL STATEMENTS

NOTE 8. COMMITMENTS AND CONTINGENT LIABILITIES

The Department has entered into several grant agreements for which the Department is liable for carrying out the provisions of each grant and its subsequent funding.

NOTE 9. SUBSEQUENT EVENTS

The COVID-19 (Coronavirus) outbreak has prompted global concern. Consequently, the Department may experience an increase in revenue sources due to the funding of pandemic-related grants. The Department may also experience an increase in costs to provide services. An estimate of the effect of the COVID-19 pandemic cannot be made at this time.

In preparing the financial statements, the Department has evaluated events and transactions for potential recognition or disclosure through December 30, 2020, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION



TWO RIVERS PUBLIC HEALTH DEPARTMENT  
 KEARNEY, NEBRASKA  
 SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH RESERVES  
 BUDGET AND ACTUAL - CASH BASIS  
 YEAR ENDED JUNE 30, 2020

	General Fund			
	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
RECEIPTS				
General funds	103,891	103,891	105,458	1,567
Infrastructure funds	136,111	136,111	136,111	
Per capita funds	170,918	170,918	170,918	
Federal grants	276,361	294,602	1,071,365	776,763
State funds	74,613	74,613	2,446	(72,167)
Local	170,571	176,011	175,008	(1,003)
In-kind income	13,260	13,260	20,868	7,608
Interest income	15,000	15,000	20,280	5,280
Other income	1,000	1,000	13,160	12,160
Expense reimbursements			8,799	8,799
Potential grant funding	100,000	664,220		(664,220)
Total receipts	<u>1,061,725</u>	<u>1,649,626</u>	<u>1,724,413</u>	<u>739,007</u>
DISBURSEMENTS				
Advertising	1,048	1,048		(1,048)
Automobile expenses			2,721	2,721
Capital outlay	1,199	1,199	14,006	12,807
Communications	14,245	14,245	30,463	16,218
Computer expenses	30,403	30,403	70,561	40,158
Contract labor	136,630	136,630	135,797	(833)
Dues and subscriptions	19,685	19,685	11,484	(8,201)
Fringe benefits	144,616	144,616	124,048	(20,568)
In-kind expenses	13,260	13,260	20,868	7,608
Insurance	10,894	10,894	18,423	7,529
Meeting expenses	4,350	4,350	4,299	(51)
Mileage reimbursements	18,179	18,179	12,396	(5,783)
Miscellaneous	800	800	4,875	4,075
Office supplies	11,744	11,744	18,027	6,283
Professional fees	12,935	12,935	21,345	8,410
Rent	35,991	35,991	47,305	11,314
Supplies	67,163	67,163	151,419	84,256
Travel and lodging	11,773	11,773	3,248	(8,525)
Wages	487,395	487,395	571,281	83,886
Potential grant expenses	100,000	482,949		(482,949)
Total disbursements	<u>1,122,310</u>	<u>1,505,259</u>	<u>1,262,566</u>	<u>(242,693)</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(60,585)	144,367	461,847	981,700
CASH RESERVE, beginning of year	<u>911,390</u>	<u>911,390</u>	<u>874,206</u>	<u>(37,184)</u>
CASH RESERVE, end of year	<u>850,805</u>	<u>1,055,757</u>	<u>1,336,053</u>	<u>944,516</u>

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
KEARNEY, NEBRASKA  
NOTES TO BUDGETARY COMPARISON SCHEDULE

NOTE 1. SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH RESERVES -  
BUDGET AND ACTUAL

Basis of Accounting

The accompanying schedule of receipts, disbursements, and changes in cash reserves - budget and actual is presented on the cash basis of accounting. This basis is not consistent with the basis of accounting used in presenting the basic financial statements, which are presented using the modified accrual basis of accounting.

Reconciliation of the two different bases of accounting is as follows:

Change in fund balance	423,791
Increase in accounts receivable	(9,015)
Increase in accounts payable	26,426
Increase in accrued wages	15,438
Increase in payroll taxes withheld	<u>5,207</u>
Excess of receipts over disbursements	<u>461,847</u>

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
 KEARNEY, NEBRASKA  
 SCHEDULE OF EMPLOYER'S CONTRIBUTIONS  
 FOR THE YEAR ENDED JUNE 30, 2020

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered- Employee Payroll (d)	Contributions as a Percentage of Covered- Employee Payroll (b/d)
June 30, 2017	27,308	27,308		404,559	6.75%
June 30, 2018	32,401	32,401		480,011	6.75%
June 30, 2019	31,183	31,183		461,974	6.75%
June 30, 2020	32,795	32,795		485,852	6.75%

\*Option to provide RSI for 10 years at transition or to provide RSI prospectively.

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
 KEARNEY, NEBRASKA  
 SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY  
 FOR THE YEAR ENDED JUNE 30, 2020

Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability (Asset) Associated with Employer (b)	Total Proportionate Share of Net Pension Liability (a+b) (1)	Employer's Covered- Employee Payroll (2)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered- Employee Payroll (1/2)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2017	0.163733%	(21,269)		(21,269)	404,559	(5.26%)	103.10%
June 30, 2018	0.166280%	(89,967)		(89,967)	480,011	(1.87%)	111.83%
June 30, 2019	0.180731%	45,275		45,275	461,974	9.80%	95.14%
June 30, 2020	0.161920%	(63,557)		(63,557)	485,852	(1.31%)	107.32%

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\*Schedule is to be provided prospectively beginning with the employer's fiscal year ended June 30, 2015, the Measurement Date.

OTHER SUPPLEMENTARY INFORMATION

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
 KEARNEY, NEBRASKA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED SEPTEMBER 30, 2020

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Identification Number	Expendi- tures
<u>U.S. Department of Treasury</u>			
Passed through Nebraska Department of Health and Human Services			
COVID 19 - Coronavirus Relief Fund	21.019		<u>491,840</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through Nebraska Department of Health and Human Services			
Preventive Health and Health Services Block Grant	93.991	18NB010T009200B	15,484
Public Health Emergency Preparedness	93.069	19NU90TP922039PHEP	103,251
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP)	93.074	17NU90TP921891PHEP	18,100
Nebraska Overdose Data to Action Project	93.136	NU17CE924983	2,211
Childhood Lead Poisoning Prevention	93.197	17NUE2H001364	8,038
WISEWOMAN	93.436	18NU58DP006645	265
National Bioterrorism Hospital Preparedness	93.889	U3REP0555A	100,018
Nebraska Ebola 2015 HPP Supplemental	93.817	U3REP150491H	8,003
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	19NU50CK000547	<u>10,216</u>
Total U.S. Department of Health and Human Services			<u>265,586</u>

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
 KEARNEY, NEBRASKA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED SEPTEMBER 30, 2020

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Identification Number	Expendi- tures
<u>U.S. Environmental Protection Agency</u>			
Passed through Nebraska Department of Health and Human Services			
State Indoor Radon Program	66.032	K1-00739927	<u>1,510</u>
<u>U.S. Department of Homeland Security</u>			
Passed through Nebraska Emergency Management Agency			
Countering Violent Extremism Grant	97.132	EMW-2016-CA-00291-S01	<u>118</u>
TOTAL			<u><u>759,054</u></u>

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
KEARNEY, NEBRASKA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Two Rivers Public Health Department, Kearney, Nebraska, under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Two Rivers Public Health Department, Kearney, Nebraska, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Two Rivers Public Health Department, Kearney, Nebraska.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures on the Schedule are reported on the modified cash basis of accounting.

NOTE 3. SUBRECIPIENTS

The Department disbursed no awards to subrecipients during the year.

NOTE 4. INDIRECT COST RATE

The Department has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



TWO RIVERS PUBLIC HEALTH DEPARTMENT  
KEARNEY, NEBRASKA  
COMBINING STATEMENT OF REVENUES AND EXPENDITURES BY PROGRAM - GENERAL FUND  
YEAR ENDED JUNE 30, 2020

	Total General Operations	Total Accred- itation	Total Child Health	Total Chronic Disease	Total Dental	Total Emergency Response	Total Environ. Health	Total Surveillance	TRIMRS Reserve	Indirect Costs	Total
<b>REVENUES</b>											
General funds							15,819	89,639			105,458
Infrastructure funds	136,111										136,111
Per capita funds	170,918										170,918
Federal grants		15,484		2,476	584	1,042,232	19,604				1,080,380
State grants				2,446							2,446
Local			103,106	5,800	64,158		1,269	675			175,008
In-kind income			20,868								20,868
Interest income	19,392								888		20,280
Other income	5,263								6,817		12,080
Expense reimbursements	7,749									1,050	8,799
Gain or loss on disposal of assets	1,080										1,080
<b>Total revenues</b>	<b>340,513</b>	<b>15,484</b>	<b>123,974</b>	<b>10,722</b>	<b>64,742</b>	<b>1,042,232</b>	<b>36,692</b>	<b>90,314</b>	<b>7,705</b>	<b>1,050</b>	<b>1,733,428</b>
<b>EXPENDITURES</b>											
Advertising											2,721
Automobile expenses	1,723	34	16		41	645	254	8			14,006
Capital outlay	6,159					5,370			2,477		38,302
Communications		55	63	88	1,238	25,668	255	1,263		9,672	70,561
Computer expenses		572			2,377	39,434		3,850		24,328	137,013
Contract labor	6,576	12,407	70,495	940	6,568	34,835	3,201	1,503		488	16,543
Dues and subscriptions	9,403	3,221	330	100	1,269	1,132	115	405		568	130,654
Fringe benefits		1,271	1,540	1,921	11,854	60,585	6,006	15,439		32,038	20,868
Indirect costs	69,730	2,362	3,621	1,481	27,469	120,053	7,268	25,127		(257,111)	19,682
In-kind expenses			20,868								4,299
Insurance						325				19,357	12,396
Meeting expense	1,222	192	442	186	145	1,570				542	4,875
Mileage reimbursements	1,639	123	1,613	108	3,186	2,524	61	766		2,376	22,855
Miscellaneous	3,884				183	25	185	183		415	21,345
Office supplies	3,562	156	9,041	39	176	3,100	100	1,337		5,344	47,305
Professional fees						9,470				11,875	156,245
Rent		332	439	396	4,830	26,474	881	4,245		9,708	3,248
Supplies	3,727	51	9,548		1,537	113,142	1,339	26,876		25	586,719
Travel and lodging	573	41	865		638	1,004	127				1,309,637
Wages		5,457	8,776	5,620	66,375	285,552	17,014	56,396		141,529	
<b>Total expenditures</b>	<b>108,198</b>	<b>26,274</b>	<b>127,657</b>	<b>10,879</b>	<b>127,886</b>	<b>730,908</b>	<b>36,806</b>	<b>137,398</b>	<b>2,477</b>	<b>1,154</b>	<b>1,309,637</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>232,315</b>	<b>(10,790)</b>	<b>(3,683)</b>	<b>(157)</b>	<b>(63,144)</b>	<b>311,324</b>	<b>(114)</b>	<b>(47,084)</b>	<b>5,228</b>	<b>(104)</b>	<b>423,791</b>
Interfund transfers in (out)	(77,617)	10,790	3,683		63,144						
FUND BALANCE, beginning of year	771,464			62,135		19,712	4,293	72,908	40,790	4,903	976,205
FUND BALANCE, end of year	926,162			61,978		331,036	4,179	25,824	46,018	4,799	1,399,996

The accompanying notes are an integral part of these financial statements.



**DANA F. COLE  
& COMPANY<sup>LLP</sup>**  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' 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

To the Board of Directors  
Two Rivers Public Health Department  
Kearney, Nebraska

We have audited, in accordance with the 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 and each major fund of Two Rivers Public Health Department as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Two Rivers Public Health Department's basic financial statements, and have issued our report thereon dated December 30, 2020.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Two Rivers Public Health Department'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 Two Rivers Public Health Department's internal control. Accordingly, we do not express an opinion on the effectiveness of Two Rivers Public Health Department'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 entity'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 over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses, that we consider to be significant deficiencies, which we have listed as items 2020-001 and 2020-002.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Two Rivers Public Health Department's financial statements are free from 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*.

## Two Rivers Public Health Department's Response to Findings

Two Rivers Public Health Department's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Two Rivers Public Health Department's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

## 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dana J Cole + Company, LLP

North Platte, Nebraska  
December 30, 2020



**DANA F. COLE  
& COMPANY<sup>LLP</sup>**  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Education  
Two Rivers Public Health Department  
Kearney, Nebraska

**Report on Compliance for Each Major Federal Program**

We have audited Two Rivers Public Health Department, Kearney, Nebraska's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Two Rivers Public Health Department, Kearney, Nebraska's major federal programs for the year ended June 30, 2020. Two Rivers Public Health Department, Kearney, Nebraska's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Two Rivers Public Health Department, Kearney, Nebraska's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Two Rivers Public Health Department, Kearney, Nebraska's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Two Rivers Public Health Department, Kearney, Nebraska's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Two Rivers Public Health Department, Kearney, Nebraska, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

### ***Report on Internal Control Over Compliance***

Management of Two Rivers Public Health Department, Kearney, Nebraska, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Two Rivers Public Health Department, Kearney, Nebraska's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Two Rivers Public Health Department, Kearney, Nebraska's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

  
Dana J. Cole + Company, LLP

North Platte, Nebraska  
December 30, 2020

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
 KEARNEY, NEBRASKA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED JUNE 30, 2020

SECTION I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified:	___Yes <u>X</u> No
Significant deficiencies identified that are not considered to be material weaknesses:	<u>X</u> Yes ___None reported
Noncompliance matter to the financial statements disclosed:	<u>X</u> Yes ___No

Federal Awards

Internal control over major programs:	
Material weakness identified:	___Yes <u>X</u> No
Significant deficiencies identified that are not considered to be material weaknesses:	___Yes <u>X</u> None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a):	___Yes <u>X</u> No
Identification of major programs:	
COVID-19 - Coronavirus Relief Fund	21.019
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as a low-risk auditee:	___Yes <u>X</u> No

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
KEARNEY, NEBRASKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020

2020-001 SEGREGATION OF DUTIES

Criteria

Good business practices include separation of duties involving the handling of accounting information and the generation of accounting reports.

Condition and Context

The Department has a lack of segregation of duties in the accounting department.

Cause

Due to the size of the Department, there is limited segregation of duties over bookkeeping, billing, and accounting functions. The same individual routinely performs all of these functions.

Potential Effect

Inadequate segregation of duties could lead to the misappropriation of assets and improper reporting.

Recommendation

We recommend that the Department continue to monitor and evaluate its internal controls with the use of limited personnel and to provide as much segregation of duties as determined to be feasible within its operations.

Views of Responsible Officials and Response

The Board of Directors also reviews and approves all expenditures. The Board of Directors will, within the constraints of existing time and cost considerations, continue to review the situation and make improvements.

2020-002 FINANCIAL REPORTING PROCESSES

Criteria

Management requested that the auditors prepare the financial statements and related disclosures of the Department. Management reviewed the financial statement and related disclosures and accepted the responsibility for them.

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
KEARNEY, NEBRASKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020

2020-002 FINANCIAL REPORTING PROCESSES (Continued)

Condition

The Department does not have controls over the selection of accounting disclosures in the financial statements. The Department utilizes the expertise of the auditor to propose disclosures of the financial statements.

Cause

The Department does not have the resources to have a highly trained accounting professional on staff to perform these services.

Potential Effect

The potential exists that a material misstatement of the financial statements and related disclosures could occur and not be identified by the Department.

Recommendation

Management should carefully review the financial statements and related disclosures.

Department's Response

The Department relies on the auditors to prepare the financial statements and disclosures. The Department carefully reviews and approves such financial statements and disclosures.



TWO RIVERS PUBLIC HEALTH DEPARTMENT  
KEARNEY, NEBRASKA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2020

The prior audit findings are as follows:

FINANCIAL STATEMENT FINDINGS

2019-001 FINANCIAL REPORTING PROCESSES

There were no changes in the year end financial reporting process. See current year finding 2020-001.

2019-002 SEGREGATION OF DUTIES

There were no changes to the segregation of duties processes. See current year finding 2020-002.