

TWO RIVERS PUBLIC HEALTH DEPARTMENT

KEARNEY, NEBRASKA

FINANCIAL STATEMENTS

JUNE 30, 2022



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

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
KEARNEY, NEBRASKA  
TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 3
MANAGEMENTS' DISCUSSION AND ANALYSIS	4 - 9
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statement	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements	
Statement of Assets, Liabilities, and Fund Balance	12
Statement of Revenues, Expenditures, and Changes in Fund Balance	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	14
NOTES TO FINANCIAL STATEMENTS	15 - 31
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Receipts, Disbursements, and Changes in Cash	
Reserves - Budget and Actual - Cash Basis	32
Notes to Budgetary Comparison Schedule	33
Schedule of Employer's Contributions	34
Schedule of Employer's Share of Net Pension Liability	35
OTHER SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	36
Notes to Schedule of Expenditures of Federal Awards	37
Combining Statement of Revenues and Expenditures by Program - General Fund	38
REPORTS REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i>	
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>	39 - 40
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required By the Uniform Guidance	41 - 43
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	44 - 46
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	47



**DANA F. COLE  
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CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

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

### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Two Rivers Public Health Department, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Two Rivers Public Health Department, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

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. 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 Two Rivers Public Health Department, 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.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Two Rivers Public Health Department's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***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 generally accepted auditing standards 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 generally accepted auditing standards 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 Two Rivers Public Health Department'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 Two Rivers Public Health Department'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.

### **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, the budgetary comparison information on pages 31 - 32, the schedule of employer's contributions on page 33, and the schedule of employer's share of net pension liability on page 34 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of 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 responses 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.

### ***Supplementary 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 combining statement of revenues and expenditures 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 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. 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 supplementary information on page 37, and schedule of expenditures of federal awards on pages 35 - 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 29, 2022, 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, 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 Two Rivers Public Health Department'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 Two Rivers Public Health Department's internal control over financial reporting and compliance.

Dana J Cole + Company, LLP

North Platte, Nebraska  
December 29, 2022

## 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 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, 2022. Please read the MD&A in conjunction with the Health Department's financial statements.

### **FINANCIAL HIGHLIGHTS**

Total assets of the Health Department decreased from \$2,946,497 for the year ended June 30, 2021, to \$2,848,043 for the year ended June 30, 2022. The decrease of \$98,454 was due to decreases in accounts receivable.

Total liabilities of the Health Department decreased from 2021 to 2022 by \$66,234. The primary changes from 2022 were payments on the lease liability.

Total revenues of the Health Department decreased from \$3,297,102 for the year ended 2021, to \$2,336,570 for the year ended 2022. The major reason for this \$960,532 decrease is due to the decrease in state grants received, primarily related to COVID-19.

Total expenses for the Health Department increased by \$248,301 from the year ended June 30, 2021, to the year ended June 30, 2022. The main reason for this increase is due to an increase in board designated salaries and employee benefits such as health insurance.

### **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 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.

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Government-Wide Financial Statements (Continued)

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 - 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 - 14 of this report.

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 - 30 of this report.

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Other Information

Supplementary schedules can be found on pages 31 - 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	
	2022	2021
Current and other assets	2,499,393	2,599,727
Capital assets	348,650	346,770
Total assets	2,848,043	2,946,497
Deferred outflows	100,749	87,668
Other liabilities	317,960	384,194
Deferred inflows	281,800	155,438
Net position	2,349,032	2,494,533

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

	2022	2021
<b>REVENUES</b>		
Governmental activities		
Health and Social Services Grants	1,952,543	2,513,165
General revenues		
State funds - LB 1060/692	579,707	495,820
Local grants	344,123	210,193
In-kind contributions	45,397	28,539
Interest income	2,690	19,878
Miscellaneous	(587,890)	29,507
Total general revenues	384,027	783,937
Total revenues	2,336,570	3,297,102

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**Two Rivers Public Health Department's Statement of Activities (Continued)**

	2022	2021
DISBURSEMENTS	<u>2,482,071</u>	<u>2,233,770</u>
CHANGE IN NET POSITION	(145,501)	1,063,332
Implementation of GASB 87		(29,987)
NET POSITION, beginning of year	<u>2,494,533</u>	<u>1,461,188</u>
NET POSITION, end of year	<u>2,349,032</u>	<u>2,494,533</u>

Governmental Activities

Governmental activities decreased the Health Department's net position by \$145,501. The key element of this decrease were the grant funds received for COVID-19 expenditures in the prior year.

Program revenues at June 30, 2022, were \$1,952,543 , a decrease of \$560,622 from \$2,513,165 at June 30, 2021. The increase was due to increased federal funding.

General revenue decreased from \$783,937 at June 30, 2021, to \$384,027 at June 30, 2022. The return of unused grant funds were a key component of this decrease.

Program expenses at June 30, 2022, were \$2,482,071, a \$248,031 increase from \$2,233,770 at June 30, 2021. The increase in expenditures was due in part to the increase in wages, benefits and supplies.

The Health Department implemented GASB Statement 97 for the year ended June 30, 2022. With the new reporting change, the Health Department recognizes a lease liability and a lease asset at the commencement of a lease term. The new standard was applied retroactively and financial statements for the year ended June 30, 2021, were restated to reflect the change.

The Health Department's deferred outflows at June 30, 2022, were \$100,749 compared to \$87,668 at June 30, 2021. 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, 2020, in accordance with GASB Statement 71 as well as an increase in the net difference between projected and actual earnings on pension plan investments.

Deferred inflows increased by \$128,362 from \$155,438 at June 30, 2021, to \$281,800 at June 30, 2022. This increase 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.

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**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
2021 - 2022	<u>2,336,570</u>	<u>2,269,963</u>	<u>(145,501)</u>
2020 - 2021	<u>3,297,102</u>	<u>2,233,770</u>	<u>1,063,332</u>

At June 30, 2022, fund balance of the General Fund was \$2,177,020, a decrease of \$250,113 compared to the June 30, 2021, balance of \$2,427,133.

Current year expenditures include capital outlay of \$91,864, compared to \$63,715 for the prior year, an increase of \$28,149.

**CAPITAL ASSETS**

The Health Department's investment in capital assets for its governmental activities as of June 30, 2022, amounts to \$348,650 (net of accumulated depreciation). This investment in capital assets includes building improvements, equipment and machinery, and vehicles.

	2022	2021
Equipment and machinery	135,306	79,995
Vehicles	95,753	69,700
Lease right to use asset	<u>365,168</u>	<u>365,168</u>
	596,227	514,863
Less accumulated depreciation	<u>(247,577)</u>	<u>(168,093)</u>
Net capital assets	<u><u>348,650</u></u>	<u><u>346,770</u></u>

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

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**BUDGETARY HIGHLIGHTS**

The General Fund was under budget in revenues by \$579,660 and was under budget in expenditures by \$596,222 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 fluctuations in both 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, Suite 108b, Kearney, Nebraska, 68845.

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
 KEARNEY, NEBRASKA  
 STATEMENT OF NET POSITION  
 JUNE 30, 2022

ASSETS	
Cash in bank and on hand	1,673,350
Accounts receivable	578,520
Net pension asset	247,523
Capital assets, net	<u>348,650</u>
TOTAL ASSETS	<u>2,848,043</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	<u>100,749</u>
LIABILITIES	
Accounts payable	31,971
Accrued wages	37,019
Payroll taxes withheld	5,860
Lease liability	<u>243,110</u>
TOTAL LIABILITIES	<u>317,960</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	<u>281,800</u>
NET POSITION	
Net investment in capital assets	348,650
Restricted	320,901
Unrestricted	<u>1,679,481</u>
TOTAL NET POSITION	<u><u>2,349,032</u></u>

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

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
 KEARNEY, NEBRASKA  
 STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2022

		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>2,482,071</u>	<u>1,952,543</u>	<u>(529,528)</u>
General revenues			
State funds - LB 1060/692			579,707
Local grants			344,123
In-kind contributions			45,397
Interest income			2,690
Miscellaneous			<u>(587,890)</u>
Total general revenues			<u>384,027</u>
CHANGE IN NET POSITION			(145,501)
NET POSITION, beginning of year, as restated			<u>2,494,533</u>
NET POSITION, end of year			<u><u>2,349,032</u></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  
 JUNE 30, 2022

ASSETS

ASSETS		
Cash in bank and on hand		1,673,350
Accounts receivable		<u>578,520</u>
TOTAL ASSETS		<u><u>2,251,870</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES		
Accounts payable		31,971
Accrued wages		37,019
Payroll taxes withheld		<u>5,860</u>
Total liabilities		<u><u>74,850</u></u>

FUND BALANCE		
Unassigned		<u>2,177,020</u>

TOTAL LIABILITIES AND FUND BALANCE		<u><u>2,251,870</u></u>
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Total fund balance		2,177,020
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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	348,650
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Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:

Net pension asset	247,523
Pension related deferred outflows	100,749

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

Lease liability	(243,110)
Pension related deferred inflows	<u>(281,800)</u>

Net position of governmental activities		<u><u>2,349,032</u></u>
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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, 2022

REVENUES	
Federal grants	1,857,475
State funds - LB 1060/692	579,707
State funds - other	95,068
Local grants	344,123
In-kind contributions	45,397
Interest income	2,690
Miscellaneous	<u>(587,890)</u>
Total revenues	<u>2,336,570</u>
EXPENDITURES	
Automobile expenses	24,377
Capital outlay	114,658
Communications	34,457
Computer expenses	67,850
Contract labor	513,074
Dues and subscriptions	33,763
Fringe benefits	275,667
In-kind expenses	45,398
Insurance	33,963
Meeting expense	3,699
Travel	13,924
Miscellaneous	7,732
Office supplies	29,344
Professional fees	22,743
Rent	104,416
Supplies	150,117
Wages	<u>1,111,501</u>
Total expenditures	<u>2,586,683</u>
CHANGE IN FUND BALANCE	(250,113)
FUND BALANCE, beginning of year	<u>2,427,133</u>
FUND BALANCE, end of year	<u>2,177,020</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, 2022

Net change in fund balance - governmental funds (250,113)

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	91,864
Depreciation expense	(15,713)
Amortization expense	(74,272)

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	31,148
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In the statement of activities, the payments on the lease liabilities are reported as an element of lease expense.

The governmental funds report lease payments as expenditures	<u>71,585</u>
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Change in net position (145,501)

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 governmental units. 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.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

- 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 the 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 an appointed physician, dentist, mid-level practitioner, veterinarian, and a minority health representative.

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% 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% of the corresponding total for all governmental and enterprise funds combined.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

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.

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.

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)

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 of three months or less. For purposes of the cash flow statements, these accounts are classified as cash and cash equivalents. As of June 30, 2022, the Department had no cash equivalents.

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 \$5,000.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Fund Financial Statements

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.

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.

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.

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

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.

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 specifically 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 delegating this responsibility to the Executive Director through the budgetary process. 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)

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.

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 the 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 - 24 days. Employees are allowed to carry over PTO hours ranging from 22 - 28 days, based on length of service.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

The Department adopted GASB Statement 87, *Leases*, as of July 1, 2021.

Lease right to use assets and lease liabilities, which include leased 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

The lease liability and a lease asset are recognized at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying assets. The lease liability is measured at the present value of payments expected during the lease term. The lease asset is measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease. The lease liability is reduced as payments are made and interest expense is recognized. The leased asset is generally amortized over the term of the lease unless the useful life of the underlying asset is less. A short-term lease is a lease that at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Short-term leases are expensed in period incurred. Contracts that transfer ownership of the underlying assets or contain a bargain purchase option are recognized as financing contracts. The District excludes immaterial leases from the provisions of GASB 87.

Fund Financial Statements

In the fund financial statements, lease liabilities and lease assets used in governmental fund operations are accounted for as rent expenditures of the governmental fund upon acquisition.

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.

New Accounting Pronouncements

The District adopted GASB 87, *Leases*, on July 1, 2021. A lease liability and a lease asset are recognized at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying assets. The lease liability is measured at the present value of payments expected during the lease term. The lease liability is

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

reduced as payments are made and interest expense is recognized. The leased asset is generally amortized over the term of the lease unless the useful life of the underlying asset is less. This new standard was applied retroactively and financial statements for the year ended June 30, 2021, were restated to reflect the change. There was a decrease of \$29,987 on net position as of July 1, 2021, as a result of the restatement.

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.

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, 2022, 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 Federal Deposit Insurance Corporation (FDIC) limits.

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.

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

NOTE 3. CAPITAL ASSETS

The Department's investment in capital assets for its governmental activities as of June 30, 2022, amounts to \$138,214 (net of accumulated depreciation). This investment in capital assets includes building and improvements, equipment and machinery, and vehicles.

	Balance 7/1/21	Increases	Decreases	Balance 6/30/22
Equipment and machinery	79,995	55,311		135,306
Vehicles	69,700	36,553	(10,500)	95,753
Lease right to use asset	365,168			365,168
Totals at cost	<u>514,863</u>	<u>91,864</u>	<u>(10,500)</u>	<u>596,227</u>
Accumulated depreciation	<u>(168,093)</u>	<u>(89,984)</u>	<u>10,500</u>	<u>(247,577)</u>
Net capital assets	<u><u>346,770</u></u>	<u><u>1,880</u></u>		<u><u>348,650</u></u>

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 Kearney, Nebraska, under operating leases. The leases for the operating areas space currently call for monthly payments at a base rate of \$7,245 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.

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

NOTE 6. LEASES (Continued)

Amounts relating to the lease are reflected in the financial statements as right of use assets and lease liabilities. Future lease payments on leases classified as right of use assets are as follows:

Year Ended June 30,	Principal	Interest	Total
2023	80,970	5,869	86,839
2024	83,433	3,506	86,939
2025	<u>78,707</u>	<u>986</u>	<u>79,693</u>
	<u>243,110</u>	<u>10,361</u>	<u>253,471</u>

There were no material contingent or sublease amounts relating to the above leases for 2022. The District accounts for the leases in accordance with the provisions of GASB 87, *Leases* (Note 1). Amortization on leased (right to use) assets is provided for based on the asset value at inception of leases over the lease terms. Amortization expense was \$74,271 for 2022.

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.

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, 2021, there were 108 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 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 of payment under the Cash Balance Benefit Fund of 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. Also available is the option of a full lump sum or partial lump

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

NOTE 7. RETIREMENT PLAN (Continued)

**Plan Description** (Continued)

sum payment. All optional forms of payment 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, 2022, the Department's total payroll for all employees was \$1,106,584. Total covered payroll was \$850,963. 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, 2022, was \$57,440.

**Pension Liabilities**

At June 30, 2022, the Department had an asset of \$247,523 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, 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 117.50% funded (total pension liability divided by the fiduciary net position) as of December 31, 2021. The Department's proportion of the net pension liability was based on the Department's actual contributions to the pension plan relative to the actual contributions of all participating entities. At December 31, 2021, the Department's proportion was 0.2261327%, which was a decrease of .031135% from its proportion measured as of December 31, 2020.

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

NOTE 7. RETIREMENT PLAN (Continued)

**Pension Liabilities** (Continued)

For the year ended December 31, 2021, the Department's allocated pension expense was \$4,227. At June 30, 2022, 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		55,165
Changes of assumptions	41,035	
Net difference between projected and actual earnings on pension plan investments	18,351	213,965
Changes in proportion and differences between Health Department contributions and proportionate share of contributions		12,670
Difference of Health Department fiscal year contributions and measurement period contributions	9,836	
Health Department contributions made subsequent to the measurement date	<u>31,527</u>	<u>          </u>
Total	<u>100,749</u>	<u>281,800</u>

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, 2022. 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,	
2023	(63,143)
2024	(48,965)
2025	(64,560)
2026	(45,747)

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

NOTE 7. RETIREMENT PLAN (Continued)

**Actuarial Assumptions**

The total pension liability in the December 31, 2021, actuarial valuation was determined using the following key actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.55 percent
Wage inflation	3.05 percent
Salary increases, including wage inflation	3.05 - 9.55 percent
Long-term rate of return, net of investment expense, including price inflation	7.20 percent
Municipal bond index rate	2.05 percent
Year FNP is projected to be depleted	N/A
Single equivalent interest rate, net of investment expense, including price inflation	7.20 percent
Interest crediting rate, including dividends	6.10 percent

The County plan's preretirement mortality rates were based on the Pub-2010 General Members (Above Median) Employee Mortality Table (100% of male rates, 95% of female rates), both male and female rates set back one year projected generationally using MP-2019 modified to 75% of the ultimate rates.

The County plan's postretirement rates were based on the Pub-2010 General Members (Above Median) Employee Mortality Table (100% of male rates, 95% of female rates), both male and female rates set back one year projected generationally using MP-2019 modified to 75% of the ultimate rates.

The actuarial assumptions used in the valuation for the County plan are based on the results of an actuarial experience study, which covered the 4-year period ending June 30, 2019. The experience study report is dated December 21, 2020.

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

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

NOTE 7. RETIREMENT PLAN (Continued)

**Actuarial Assumptions** (Continued)

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, 2019, (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
U.S. Equity	27.0%	4.5%
Non-U.S. Equity	11.5%	5.8%
Global Equity	19.0%	5.3%
Fixed Income	30.0%	0.7%
Private Equity	5.0%	7.4%
Real Estate	7.5%	4.2%
Total	100.0%	

\*Arithmetic mean, net of investment expenses.

**Discount Rate**

The discount rate used to measure the total pension liability at December 31, 2021, was 7.20 percent. The discount rate is reviewed as part of the actuarial experience study, which covered the 4-year period ending June 30, 2019. The experience study report is dated December 21, 2020.

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 2121.

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

NOTE 7. RETIREMENT PLAN (Continued)

**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, 2020, net pension liability calculated using the discount rate of 7.30 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 (6.30 percent) or 1-percentage-point higher (8.30 percent) than the current rate:

	Discount Rate	Organization's Proportionate Share of Net Pension Liability
1% decrease	6.20%	\$(114,197)
Current discount rate	7.20%	\$(256,765)
1% increase	8.20%	\$(375,815)

**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).

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. RECENTLY ISSUED AND ADOPTED ACCOUNTING PRONOUNCEMENTS

GASB Statement 96, *Subscription-based Information Technology Arrangements*, was issued in May 2020, and is effective for fiscal years beginning after June 15, 2022. The standard provides guidance related to accounting and financial reporting for subscription-based information technology arrangements (SBITAs). The standard generally requires the recording of a right-to-use subscription asset (intangible asset) and a corresponding liability. There is an exception for short-term SBITAs defined as those with maximum possible terms of 12 months or less including options to extend, regardless of their probability of being exercised.

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

NOTE 10. RESTATEMENT

GASB Statement No. 87, Leases, was adopted in 2022. The comparative financial statements for 2021 were restated to reflect retrospective application. The restatement decreased the beginning net position of fiscal year 2021, by \$29,987. This was due to the recognition of the office space lease in accordance with GASB 87, which increased the net right of use assets by \$365,168 and increased lease liabilities by \$395,155.

NOTE 11. SUBSEQUENT EVENT

In preparing the financial statements, the Department has evaluated events and transactions for potential recognition or disclosure through December 29, 2022, 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, 2022

	General Fund		
	Original and Final Budget	Actual	Variance Over (Under)
<b>RECEIPTS</b>			
General funds	272,124	272,678	554
Infrastructure funds	136,111	136,111	
Per capita funds	170,918	170,918	
Federal grants	1,528,233	2,118,800	590,567
State funds	255,969	95,068	(160,901)
Local	241,300	344,123	102,823
In-kind income	20,900	45,397	24,497
Interest income	2,000	2,690	690
Other income		(621,328)	(621,328)
Expense reimbursements		33,438	33,438
Potential grant funding	550,000		(550,000)
Total receipts	<u>3,177,555</u>	<u>2,597,895</u>	<u>(579,660)</u>
<b>DISBURSEMENTS</b>			
Automobile expenses	31,290	24,377	(6,913)
Capital outlay	133,381	114,658	(18,723)
Communications	43,435	35,484	(7,951)
Computer expenses	63,637	67,850	4,213
Contract labor	541,162	506,978	(34,184)
Dues and subscriptions	29,069	33,854	4,785
Fringe benefits	349,213	258,437	(90,776)
In-kind expenses	20,900	45,398	24,498
Insurance	19,099	47,246	28,147
Meeting expenses	3,175	3,699	524
Mileage reimbursements	13,521	13,924	403
Miscellaneous	18,284	7,732	(10,552)
Office supplies	32,108	29,260	(2,848)
Professional fees	22,700	31,003	8,303
Rent	109,361	104,716	(4,645)
Supplies	117,266	150,133	32,867
Travel and lodging	11,305		(11,305)
Wages	1,068,649	1,106,584	37,935
Potential grant expenses	550,000		(550,000)
Total disbursements	<u>3,177,555</u>	<u>2,581,333</u>	<u>(596,222)</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>			
		16,562	16,562
CASH RESERVE, beginning of year	<u>1,293,647</u>	<u>1,656,788</u>	<u>363,141</u>
CASH RESERVE, end of year	<u>1,293,647</u>	<u>1,673,350</u>	<u>379,703</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	(250,113)
Increase in accounts receivable	261,325
Decrease in accounts payable	182
Increase in accrued wages	4,917
Decrease in payroll taxes withheld	<u>251</u>
Excess of receipts over disbursements	<u><u>16,562</u></u>

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
 KEARNEY, NEBRASKA  
 SCHEDULE OF EMPLOYER'S CONTRIBUTIONS  
 FOR THE YEAR ENDED JUNE 30, 2022

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%
June 30, 2021	44,787	44,787		663,511	6.75%
June 30, 2022	57,440	57,440		850,963	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, 2022

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	(18.74%)	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	(13.08%)	107.32%
June 30, 2021	0.194997%	(109,192)		(109,192)	663,511	(16.46%)	109.34%
June 30, 2022	0.226132%	(256,765)		(256,765)	850,963	(30.17%)	117.50%

35

\*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 JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Identification Number	Expendi- tures
<u>United States Environmental Protection Agency</u>			
Passed through Nebraska Department of Health and Human Services			
State Indoor Radon Grants	66.032		<u>4,971</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through Nebraska Department of Health and Human Services			
Public Health Emergency Preparedness	93.069	57393 Y3	106,916
Nebraska Overdose Data to Action Project	93.136	60148 Y3	41,056
Childhood Lead Poisoning Prevention	93.197		10,321
Immunization Cooperative Agreements	93.268	63042 Y3	249,783
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	56765 Y3	106,961
CDC Partner Crisis	93.391	67354 Y3	44,168
National Bioterrorism Hospital Preparedness	93.889	59188 Y3	114,541
Preventive Health and Health Services Block Grant	93.991	64487 Y3	9,470
Maternal and Child Health Block Grant	93.994	64494 Y3	26,716
Assisted Outpatient Treatment	93.997	64484 Y3	<u>78,922</u>
Total U.S. Department of Health and Human Services			<u>788,854</u>
TOTAL			<u><u>793,825</u></u>

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
KEARNEY, NEBRASKA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2022

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, 2022. 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 accrual 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, 2022

	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	166,666			553			15,819	89,640			272,678
Infrastructure funds	136,111										136,111
Per capita funds	170,918										170,918
Federal grants		9,470		41,056	26,716	1,625,626	12,404	142,203			1,857,475
State grants	77		31,240		4,409		55,682	3,660			95,068
Local			67,668		81,139		365	194,951			344,123
In-kind income			21,267		24,130						45,397
Interest income	2,679								11		2,690
Other income	6,100										6,100
Expense reimbursements	33,438										33,438
Return of unexpended grant funds						(627,428)					(627,428)
<b>Total revenues</b>	<b>515,989</b>	<b>9,470</b>	<b>120,175</b>	<b>41,609</b>	<b>136,394</b>	<b>998,198</b>	<b>84,270</b>	<b>430,454</b>	<b>11</b>		<b>2,336,570</b>
<b>EXPENDITURES</b>											
Automobile expenses	6,735	105	248		425	14,731		2,133			24,377
Capital outlay	49,474	375				9,498				55,311	114,658
Communications	427	664	76	143	692	6,035	126	7,812		18,482	34,457
Computer expenses	540	180			2,012	895		4,517		59,706	67,850
Contract labor	151,514	241	61,455		744	280,361	1,185	16,669		905	513,074
Dues and subscriptions	3,668		150			5,140		9,261		15,544	33,763
Fringe benefits	1,918	2,237	2,471	6,045	6,673	155,557	7,424	44,678		48,664	275,667
In-kind expenses			21,267		24,131						45,398
Insurance	7,881					352		1,636		24,094	33,963
Meeting expense	2,594	212			32	430		226		205	3,699
Travel	904		6,334	1,795	47	2,775		173		1,896	13,924
Miscellaneous	538	825	920	1,024	258	711	198	2,205		1,053	7,732
Office supplies	13,315	389	109	226	550	8,039	172	4,742		1,802	29,344
Professional fees										22,743	22,743
Rent	3,300	550	823	880	3,857	38,094	2,594	12,597		41,721	104,416
Supplies	11,433	496	17,596	329	9,331	26,405	1,079	79,774		3,674	150,117
Wages	25,521	12,353	7,674	18,876	40,668	588,217	38,730	171,070		208,392	1,111,501
Indirect cost allocation		9,378	6,523	16,038	30,404	478,080	29,664	138,678		(708,765)	
<b>Total expenditures</b>	<b>279,762</b>	<b>28,005</b>	<b>125,646</b>	<b>45,356</b>	<b>119,824</b>	<b>1,615,320</b>	<b>81,172</b>	<b>496,171</b>		<b>(204,573)</b>	<b>2,586,683</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>											
	236,227	(18,535)	(5,471)	(3,747)	16,570	(617,122)	3,098	(65,717)	11	204,573	(250,113)
Interfund transfers in (out)	(24,006)	18,535	5,471								
<b>FUND BALANCE, beginning of year</b>	<b>1,174,747</b>			<b>63,283</b>		<b>681,988</b>	<b>1,242</b>	<b>(59,449)</b>	<b>23,532</b>	<b>541,790</b>	<b>2,427,133</b>
<b>FUND BALANCE, end of year</b>	<b>1,386,968</b>			<b>59,536</b>	<b>16,570</b>	<b>64,866</b>	<b>4,340</b>	<b>(125,166)</b>	<b>23,543</b>	<b>746,363</b>	<b>2,177,020</b>

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



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

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

To the Board of Health  
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, 2022, 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 29, 2022.

**Report on 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 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 identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 that we consider to be a significant deficiency.

## Report on 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 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*.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on Two Rivers Public Health Department's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. 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 29, 2022



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

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

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

**Report on Compliance for Each Major Program**

**Opinion on Each Major Federal Program**

We have audited Two Rivers Public Health Department's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Two Rivers Public Health Department's major federal programs for the year ended June 30, 2022. Two Rivers Public Health Department's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Two Rivers Public Health Department 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, 2022.

**Basis for Opinion on Each Major Federal Program**

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Two Rivers Public Health Department, and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal Two Rivers Public Health Department's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts and grant agreements applicable to Two Rivers Public Health Department's federal programs.

## Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Two Rivers Public Health Department's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Two Rivers Public Health Department's compliance with the requirements for each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Two Rivers Public Health Department's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding Two Rivers Public Health Department's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Two Rivers Public Health Department's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 our testing based on those requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Dana F Cole + Company, LLP

North Platte, Nebraska  
December 29, 2022

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
 KEARNEY, NEBRASKA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED JUNE 30, 2022

SECTION I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's 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:	___Yes <u>X</u> 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 auditor's 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:	
Public Health Emergency Preparedness	93.069
Immunization Cooperative Agreements	93.268
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, 2022

SECTION II. FINANCIAL STATEMENT FINDINGS

2022-001 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.

2022-002 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, 2022

SECTION II. FINANCIAL STATEMENT FINDINGS (Continued)

2022-002 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.

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

TWO RIVERS PUBLIC HEALTH DEPARTMENT  
KEARNEY, NEBRASKA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2022

The prior audit findings are as follows:

FINANCIAL STATEMENT FINDINGS

2021-001 FINANCIAL REPORTING PROCESSES

There were no changes in the year end financial reporting process. See current year finding 2022-001.

2021-002 SEGREGATION OF DUTIES

There were no changes to the segregation of duties processes. See current year finding 2022-002.