

TWO RIVERS PUBLIC HEALTH DEPARTMENT
KEARNEY, NEBRASKA
FINANCIAL STATEMENTS
JUNE 30, 2021



DANA F. COLE
& COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

**TWO RIVERS PUBLIC HEALTH DEPARTMENT
KEARNEY, NEBRASKA
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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Two Rivers Public Health Department as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United State of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Two Rivers Public Health Department as of June 30, 2021, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Two Rivers Public Health Department's basic financial statements. The supplementary information on page 36 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards on pages 34 - 35 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining statement of revenues and expenditures by program - General Fund and the schedule of expenditures of federal awards on pages 34 - 36 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information on page 36 and the schedule of federal expenditures of federal awards on pages 34 - 35 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 28, 2021, on our consideration of Two Rivers Public Health Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Two Rivers Public Health Department's internal control over financial reporting and compliance.

Dana + Cole + Company, LLP

North Platte, Nebraska
December 28, 2021

TWO RIVERS PUBLIC HEALTH DEPARTMENT MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Our discussion and analysis of the Two Rivers Public Health Department (the Health Department) offers readers of the Health Department's financial statements this narrative overview and analysis of the financial activities of the Health Department's primary government for the fiscal year ended June 30, 2021. Please read the MD&A in conjunction with the Health Department's financial statements.

FINANCIAL HIGHLIGHTS

Total assets of the Health Department increased from \$1,550,142 for the year ended June 30, 2020, to \$2,661,790 for the year ended June 30, 2021. The increase of \$1,065,069 was due to increases in cash and accounts receivable.

Total liabilities of the Health Department decreased from 2020 to 2021 by \$11,114. The primary changes from 2020 were the decrease in the accounts payable.

Total revenues of the Health Department increased from \$1,703,448 for the year ended 2020, to \$3,297,102 for the year ended 2021. The major reason for this \$1,593,654 increase is due to the increase in federal grants received, and state grants received, primarily related to COVID-19.

Total expenses for the Health Department increased by \$983,548 from the year ended June 30, 2020, to the year ended June 30, 2021. The main reason for this increase is due to an increase in wages, rent, contract services, 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

TWO RIVERS PUBLIC HEALTH DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Government-Wide Financial Statements (Continued)

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Notes to the financial statements

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

Other information

Supplementary schedules can be found on pages 30 through 36 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	
	2021	2020
Current and other assets	2,599,727	1,542,051
Capital assets	62,063	8,091
Total assets	<u>2,661,790</u>	<u>1,550,142</u>
Deferred outflows	87,668	56,515
Other liabilities	69,500	80,614
Deferred inflows	<u>155,438</u>	<u>64,855</u>
Net position	<u>2,524,520</u>	<u>1,461,188</u>

Two Rivers Public Health Department's Statement of Activities

	2021	2020
REVENUES		
Governmental activities		
Health and Social Services Grants	<u>2,513,165</u>	<u>1,080,380</u>

TWO RIVERS PUBLIC HEALTH DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	2021	2020
REVENUES (Continued)		
General revenues		
State funds - LB 1060/692	495,820	412,487
Other state grants	2,446	
Local grants	210,193	175,008
In-kind contributions	28,539	20,868
Interest income	19,878	20,280
Miscellaneous	29,507	(8,021)
Total general revenues	<u>783,937</u>	<u>623,068</u>
Total revenues	<u>3,297,102</u>	<u>1,703,448</u>
DISBURSEMENTS	<u>2,233,770</u>	<u>1,250,222</u>
CHANGE IN NET POSITION	1,063,332	453,226
NET POSITION, beginning of year	<u>1,461,188</u>	<u>1,007,962</u>
NET POSITION, end of year	<u>2,524,520</u>	<u>1,461,188</u>

Governmental Activities

Governmental activities increased the Health Department's net position by \$1,063,332. The key element of this increase were the grant funds received for COVID-19 expenditures. The remaining balance will be expended in the next fiscal year.

Program revenues at June 30, 2021, were \$2,513,165, an increase of \$1,432,785 from \$1,080,380 at June 30, 2020. The increase was due to increased federal funding.

General revenue increased from \$623,068 at June 30, 2020, to \$783,937 at June 30, 2021. The increase in state funds and local grants were key elements for this increase.

Program expenses at June 30, 2021, were \$2,233,770, a \$983,548 increase from \$1,250,222 at June 30, 2020. The increase in expenditures was due in part to the increase in wages, benefits and supplies.

The Health Department implemented GASB Statement 68 for the year ended June 30, 2017. With the new reporting change, the Health Department is allocated its proportional share of the Nebraska County Employees Retirement System Cash Balance Benefit Plan's net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense. Decisions regarding the allocations are made by the administrators of the pension plan, not by the Health Department's management.

TWO RIVERS PUBLIC HEALTH DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities (Continued)

The Health Department's deferred outflows at June 30, 2021, were \$87,668 compared to \$56,515 at June 30, 2020. 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 No. 71 as well as an increase in the net difference between projected and actual earnings on pension plan investments.

Deferred inflows increased by \$90,583 from \$64,855 at June 30, 2020, to \$155,438 at June 30, 2021. This decrease is due to differences between expected and actual experience of the Health Department's proportionate share of the Nebraska County Employees Retirement System Cash Balance Benefit Plan.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

Expenditures and Program Revenues - Governmental Funds

	Revenues	Expenditures	Excess of Revenues Over Expenditures
2020 - 2021	<u>3,297,100</u>	<u>2,269,963</u>	<u>1,027,137</u>
2019 - 2020	<u>1,733,428</u>	<u>1,262,566</u>	<u>470,862</u>

At June 30, 2021, fund balance of the General Fund was \$12,427,133, an increase of \$1,027,137 compared to the June 30, 2020, balance of \$1,399,996.

Current year expenditures include capital outlay of \$68,742, compared to \$14,006 for the prior year, an increase of \$54,736.

TWO RIVERS PUBLIC HEALTH DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS

The Health Department's investment in capital assets for its governmental activities as of June 30, 2021, amounts to \$62,063 (net of accumulated depreciation). This investment in capital assets includes building improvements, equipment and machinery, and vehicles.

	2021	2020
Equipment and machinery	79,995	85,190
Vehicles	<u>69,700</u>	<u>24,500</u>
	149,695	109,690
Less accumulated depreciation	(87,632)	(101,599)
Net capital assets	<u>62,063</u>	<u>8,091</u>

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

BUDGETARY HIGHLIGHTS

The General Fund was under budget in revenues by \$1,052,785 and was under budget in expenditures by \$1,980,029 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, Ste. 108b, Kearney, Nebraska 68845.

TWO RIVERS PUBLIC HEALTH DEPARTMENT
 KEARNEY, NEBRASKA
 STATEMENT OF NET POSITION
 JUNE 30, 2021

ASSETS

Cash in bank and on hand	1,656,788
Accounts receivable	839,845
Net pension asset	103,094
Capital assets, net	<u>62,063</u>
 TOTAL ASSETS	<u>2,661,790</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred amounts related to pensions	87,668
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LIABILITIES

Accounts payable	31,789
Accrued wages	32,102
Payroll taxes withheld	<u>5,609</u>
 TOTAL LIABILITIES	<u>69,500</u>

DEFERRED INFLOWS OF RESOURCES

Deferred amounts related to pensions	155,438
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NET POSITION

Net investment in capital assets	62,063
Restricted	320,901
Unrestricted	<u>2,141,556</u>
 TOTAL NET POSITION	<u>2,524,520</u>

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

TWO RIVERS PUBLIC HEALTH DEPARTMENT
 KEARNEY, NEBRASKA
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2021

	Disbursements	Program Revenues	Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Position
	Disbursements	Program Revenues	Operating Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS				
Governmental activities				
Health and Social Services	<u>2,233,770</u>	<u>2,513,165</u>		<u>279,395</u>
General revenues				
State funds - LB 1060/692				495,820
Local grants				210,193
In-kind contributions				28,539
Interest income				19,878
Miscellaneous				29,507
Total general revenues				<u>783,937</u>
CHANGE IN NET POSITION				1,063,332
NET POSITION, beginning of year				<u>1,461,188</u>
NET POSITION, end of year				<u>2,524,520</u>

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

TWO RIVERS PUBLIC HEALTH DEPARTMENT
KEARNEY, NEBRASKA
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE
GOVERNMENTAL FUNDS
JUNE 30, 2021

ASSETS

ASSETS

Cash in bank and on hand	1,656,788
Accounts receivable	<u>839,845</u>
TOTAL ASSETS	<u>2,496,633</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	31,789
Accrued wages	32,102
Payroll taxes withheld	<u>5,609</u>
Total liabilities	<u>69,500</u>

FUND BALANCE

Unassigned	<u>2,427,133</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>2,496,633</u>

Total fund balance 2,427,133

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 62,063

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

Net pension asset	103,094
Pension related deferred outflows	<u>87,668</u>

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

Pension related deferred inflows	<u>(155,438)</u>
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Net position of governmental activities 2,524,520

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, 2021

REVENUES

Federal grants	1,437,365
State funds - LB 1060/692	495,820
State funds - other	1,075,800
Local grants	210,193
In-kind contributions	28,539
Interest income	19,878
Miscellaneous	29,505
Total revenues	<u>3,297,100</u>

EXPENDITURES

Automobile expenses	14,820
Capital outlay	68,742
Communications	39,698
Computer expenses	68,622
Contract labor	216,704
Dues and subscriptions	47,205
Fringe benefits	229,779
In-kind expenses	28,539
Insurance	27,939
Meeting expense	8,017
Mileage reimbursements	9,858
Miscellaneous	10,283
Office supplies	28,432
Professional fees	24,979
Rent	92,719
Supplies	184,760
Wages	<u>1,168,867</u>
Total expenditures	<u>2,269,963</u>

CHANGE IN FUND BALANCE 1,027,137

FUND BALANCE, beginning of year 1,399,996

FUND BALANCE, end of year 2,427,133

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, 2021

Net change in fund balance - governmental funds	1,027,137
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	63,715
Depreciation expense	(9,743)
In the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as an element of pension expense.	
The governmental funds report pension contributions as expenditures	<u>(17,777)</u>
Change in net position	<u>1,063,332</u>

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Measurement Focus and Basis of Accounting

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

Cash and Cash Equivalents

Cash available, in excess of immediate needs, is invested in savings accounts and savings certificates. Cash equivalents are limited to short-term, highly-liquid investments that are both readily convertible to known amounts of cash and of an original maturity 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, 2021, the Department had no cash equivalents.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

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

Prepays

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

Inventories

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

Capital Assets

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classification

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

Fund Balance Classification

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

Nonspendable

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classification (Continued)

Fund Financial Statements (Continued)

Fund Balance Classification (Continued)

Restricted

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

Committed

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

Unassigned

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budget Process and Property Taxes

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

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

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

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

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

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

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

Compensated Absences

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

Use of Estimates

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

New Accounting Pronouncements

In January 2017, GASB issued Statement 84, *Fiduciary Activities*. This statement is effective for fiscal years beginning after December 15, 2019. The District did not early implement this statement. GASB 84 establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Certain fiduciary activities meeting the new criteria will be reported as custodial funds and a statement of changes will be a required financial statement. When adopted, GASB 84 had no significant effect on the District's financial reporting.

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

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, 2021, all the Department deposits with financial institutions were fully insured or collateralized by securities held in the Department's name in the form of joint safekeeping receipts. State law requires all funds in depositories to be fully insured or collateralized, and the Department's policy is to require depositories to provide pledged securities to cover deposits in excess of FDIC limits.

Investments

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

NOTE 3. CAPITAL ASSETS

The Department's investment in capital assets for its governmental activities as of June 30, 2021, amounts to \$62,063 (net of accumulated depreciation). This investment in capital assets includes building and improvements, equipment and machinery, and vehicles.

	Balance 7/1/20	Increases	Decreases	Balance 6/30/21
Equipment and machinery	85,190	18,515	(23,711)	79,994
Vehicles	24,500	45,200		69,700
Totals at cost	109,690	63,715	(23,711)	149,694
Accumulated depreciation	(101,599)	(9,743)	23,711	(87,631)
Net capital assets	<u>8,091</u>	<u>53,972</u>		<u>62,063</u>

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

NOTE 4. RISK MANAGEMENT

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

NOTE 5. CONCENTRATION OF RISK

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

NOTE 6. LEASES

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

At June 30, 2021, a schedule of the future minimum rental payments required under the above is as follows:

Year Ending June 30,	
2022	58,889
2023	58,889
2024	58,889
2025	58,889

NOTE 7. RETIREMENT PLAN

Plan Description

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

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

NOTE 7. RETIREMENT PLAN (Continued)

Plan Description (Continued)

The Nebraska Public Employees Retirement Board (NPERS) was created in 1971 to administer the Nebraska retirement plans. In 1973, the state legislature brought the County Employees Retirement Plan under the administration of NPERS. During the NPERS plan year ended December 31, 2020, 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 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, 2021, the Department's total payroll for all employees was \$1,168,868. Total covered payroll was \$663,511. 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, 2021, was \$44,787.

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

NOTE 7. RETIREMENT PLAN (Continued)

Pension Liabilities

At June 30, 2021, the Department had an asset of \$109,192 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, 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 109.34% funded (total pension liability divided by the fiduciary net position) as of December 31, 2020. 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, 2020, the Department's proportion was 0.194997%, which was a decrease of .033077% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2020, the Department's allocated pension expense was \$14,629. At June 30, 2021, 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	39,899	
Changes of assumptions	27,693	
Net difference between projected and actual earnings on pension plan investments	31,217	104,691
Changes in proportion and differences between Health Department contributions and proportionate share of contributions		10,847
Difference of Health Department fiscal year contributions and measurement period contributions	5,473	
Health Department contributions made subsequent to the measurement date	<u>23,285</u>	<u> </u>
Total	<u>87,668</u>	<u>155,438</u>

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

NOTE 7. RETIREMENT PLAN (Continued)

Pension Liabilities (Continued)

Differences reported as deferred outflows of resources related to pensions resulting from timing differences of the Department contributions will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. 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	
2022	(24,548)
2023	(27,610)
2024	(13,431)
2025	(29,026)
2026	(1,914)

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	2.65 percent
Wage inflation	3.15 percent
Salary increases, including wage inflation	3.15 - 9.65 percent
Long-term rate of return, net of investment expense, including price inflation	7.30 percent
Municipal bond index rate	2.12 percent
Year FNP is projected to be depleted	N/A
Single equivalent interest rate, net of investment expense, including price inflation	7.30 percent
Interest crediting rate, including dividends	6.15 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.

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

NOTE 7. RETIREMENT PLAN (Continued)

Actuarial Assumptions (Continued)

The County plan's postretirement rates were based on the 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 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, 2020, was 7.50 percent. The discount rate is reviewed as part of the actuarial experience study, which covered the 4-year period ending June 30, 2019. The experience study report is dated December 21, 2020.

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

NOTE 7. RETIREMENT PLAN (Continued)

Discount Rate (Continued)

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 2120.

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

The following presents the Organization'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 Organization'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	6.30%	\$5,724
Current discount rate	7.30%	\$(109,192)
1% increase	8.30%	\$(205,178)

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.

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.

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

NOTE 9. IMPLICATIONS OF COVID-19

Throughout the fiscal year ended June 30, 2021, the District provided services related to the pandemic. The District has been allocated federal funding under through the Nebraska Department of Health and Human Services to provide education, vaccine clinics, and various other services as a result of COVID-19. The extent to which COVID-19 may impact the activities and financial position of the District is uncertain, and the accompanying financial statements include no adjustments related to the effects of this pandemic.

NOTE 10. RECENTLY ISSUED AND ADOPTED ACCOUNTING PRONOUNCEMENTS

In June 2017, GASB issued Statement 87, *Leases*. This statement is effective for fiscal years beginning after June 15, 2021. The District did not early implement this statement. When adopted, GASB 87 will require disclosure of the timing significance, and purpose of a government's leasing arrangements. When adopted, GASB 87 may have a material effect on the financial statements and disclosures in the notes.

NOTE 11. SUBSEQUENT EVENT

In preparing the financial statements, the Department has evaluated events and transactions for potential recognition or disclosure through December 28, 2021, 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, 2021

	General Fund			
	Budgeted Amounts		Variance	
	Original	Final	Actual	Over (Under)
RECEIPTS				
General funds	105,457	188,790	188,791	1
Infrastructure funds	136,111	136,111	136,111	
Per capita funds	170,918	170,918	170,918	
Federal grants	1,341,860	2,236,029	742,076	(1,493,953)
State funds	89,649	194,912	1,075,800	880,888
Local	267,582	275,827	210,193	(65,634)
In-kind income	23,000	23,000	28,539	5,539
Interest income	20,000	20,000	19,878	(122)
Other income	2,500	2,500	2,474	(26)
Expense reimbursements	373,373	406,509	27,031	(379,478)
Potential grant funding	200,000	200,000		(200,000)
Total receipts	<u>2,730,450</u>	<u>3,854,596</u>	<u>2,601,811</u>	<u>(1,052,785)</u>
DISBURSEMENTS				
Advertising				
Automobile expenses	4,691	12,401	14,820	2,419
Capital outlay	59,600	71,100	68,742	(2,358)
Communications	24,285	43,601	46,510	2,909
Computer expenses	82,718	77,560	68,622	(8,938)
Contract labor	219,801	217,401	218,244	843
Dues and subscriptions	16,584	26,961	52,263	25,302
Fringe benefits	221,694	314,327	231,951	(82,376)
In-kind expenses	23,000	23,000	28,539	5,539
Insurance	11,757	14,894	15,915	1,021
Meeting expenses	12,776	10,776	8,017	(2,759)
Mileage reimbursements	21,059	18,592	9,858	(8,734)
Miscellaneous	696,466	1,525,223	10,283	(1,514,940)
Office supplies	22,864	19,868	33,404	13,536
Professional fees	29,122	33,122	16,719	(16,403)
Rent	88,133	100,682	92,419	(8,263)
Supplies	121,207	181,646	202,802	21,156
Travel and lodging	6,651	4,203		(4,203)
Wages	868,042	1,365,748	1,161,968	(203,780)
Potential grant expenses	200,000	200,000		(200,000)
Total disbursements	<u>2,730,450</u>	<u>4,261,105</u>	<u>2,281,076</u>	<u>(1,980,029)</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS				
		(406,509)	320,735	927,244
CASH RESERVE, beginning of year	1,293,647	1,293,647	1,336,053	42,406
CASH RESERVE, end of year	<u>1,293,647</u>	<u>887,138</u>	<u>1,656,788</u>	<u>969,650</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	1,027,137
Increase in accounts receivable	(695,289)
Decrease in accounts payable	(16,865)
Increase in accrued wages	6,899
Decrease in payroll taxes withheld	<u>(1,147)</u>
Excess of receipts over disbursements	<u>320,735</u>

OTHER SUPPLEMENTARY INFORMATION

**TWO RIVERS PUBLIC HEALTH DEPARTMENT
KEARNEY, NEBRASKA
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2021**

Fiscal Year Ending	Contributions in Relation to the Statutorily Required Contribution			Contributions as a Percentage of Covered- Employee Payroll (b/d)	
	Statutorily Required Contribution (a)	Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered- Employee Payroll (d)	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%

*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, 2021

Fiscal Year Ending	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with Employer		Total Proportionate Share of Net Pension Liability (a+b)	Employer's Covered-Employee Payroll	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
			(a)	(b)				
ω	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%

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

TWO RIVERS PUBLIC HEALTH DEPARTMENT
KEARNEY, NEBRASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2021

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Identification Number	Expendi- tures
<u>U.S. Department of Treasury</u>			
Passed through Nebraska Department of Health and Human Services			
COVID-19 - Coronavirus Relief Fund	21.019	94483 04	<u>1,605,969</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through Nebraska Department of Health and Human Services			
Preventive Health and Health Services Block Grant	93.991	51071 Y3	9,264
Public Health Emergency Preparedness	93.069	57393 Y3	121,325
Nebraska Overdose Data to Action Project	93.136	52965 Y3, 60148 Y3	31,274
Childhood Lead Poisoning Prevention	93.197	52916 Y3	12,161
National Bioterrorism Hospital Preparedness	93.889	59188 Y3	114,672
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		<u>84,087</u>
Total U.S. Department of Health and Human Services			<u>372,783</u>
TOTAL			<u>1,978,752</u>

TWO RIVERS PUBLIC HEALTH DEPARTMENT
KEARNEY, NEBRASKA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

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, 2021. 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, 2021

	Total General Operations	Total Accreditation	Total Child Health	Total Chronic Disease	Total Dental	Total Emergency Response	Total Environ. Health	Total Surveillance	TRIMRS Reserve	Indirect Costs	Total
REVENUES											
General funds	6,944					76,389	15,819	89,639			188,791
Infrastructure funds	136,111										136,111
Per capita funds	170,918										170,918
Federal grants		9,264		31,320		1,384,630	12,151				1,437,365
State grants			31,240	2,900	14,625	1,019,527	7,508				1,075,800
Local			101,920		3,110		375	104,788			210,193
In-kind income			28,539								28,539
Interest income	19,259								619		19,878
Other income	3,554										3,554
Expense reimbursements	27,031										27,031
Gain or loss on disposal of assets	(1,080)										(1,080)
Total revenues	362,737	9,264	161,699	34,220	17,735	2,480,546	35,853	194,427	619	_____	3,297,100
EXPENDITURES											
Advertising											
Automobile expenses	1,924					11,479					14,820
Capital outlay	58,065	38				10,639					68,742
Communications		84	64	131	668	19,146	180	1,463		17,962	39,698
Computer expenses		360			2,311	10,204		4,200		51,547	68,622
Contract labor	6,543		94,195			113,171	2,200	394		201	216,704
Dues and subscriptions	15,078	4,250	150			25,522	315	663		1,227	47,205
Fringe benefits	1,577	2,930	1,520	4,106	4,515	151,275	5,693	20,956		37,207	229,779
In-kind expenses			28,539								28,539
Insurance	6,058					2,152				19,729	27,939
Meeting expense	1,130		1,374		71	5,238		81		123	8,017
Mileage reimbursements	134		3,977			3,568		178		2,001	9,858
Miscellaneous	3,900		402		243	4,655	251	148		684	10,283
Office supplies	3,993	69	35	119	110	15,121	75	1,331		7,579	28,432
Professional fees						8,718		60		16,201	24,979
Rent	1,155	549	1,089	695	2,427	58,594	873	5,321		22,016	92,719
Supplies	2,367	24	16,660		205	72,024	824	69,276	23,105	275	184,760
Wages	20,000	7,977	10,204	13,757	11,182	839,660	14,754	84,057		167,276	1,168,867
Indirect cost allocation	(48,192)	9,361	10,062	14,107	13,473	778,428	13,625	90,155		(881,019)	
Total expenditures	73,732	25,642	168,271	32,915	35,205	2,129,594	38,790	279,700	23,105	(536,991)	2,269,963
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES											
Interfund transfers in (out)	(40,420)	16,378	6,572		17,470						
FUND BALANCE, beginning of year	926,162	_____	_____	61,978	_____	331,036	4,179	25,824	46,018	4,799	1,399,996
FUND BALANCE, end of year	1,174,747	_____	_____	63,283	_____	681,988	1,242	(59,449)	23,532	541,790	2,427,133

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Two Rivers Public Health Department as of and for the year ended June 30, 2021, 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 28, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Two Rivers Public Health Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Two Rivers Public Health Department's internal control. Accordingly, we do not express an opinion on the effectiveness of Two Rivers Public Health Department's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses, that we consider to be significant deficiencies, which we have listed as items 2021-001 and 2021-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Two Rivers Public Health Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Two Rivers Public Health Department's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dana Cole + Company, LLP

North Platte, Nebraska
December 28, 2021



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

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

Report on Compliance for Each Major Federal Program

We have audited Two Rivers Public Health Department, Kearney, Nebraska's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Two Rivers Public Health Department, Kearney, Nebraska's major federal programs for the year ended June 30, 2021. Two Rivers Public Health Department, Kearney, Nebraska's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Two Rivers Public Health Department, Kearney, Nebraska, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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

Dana Cole + Company, LLP

North Platte, Nebraska
December 28, 2021

TWO RIVERS PUBLIC HEALTH DEPARTMENT
KEARNEY, NEBRASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

SECTION I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Significant deficiencies identified that are not considered to be material weaknesses:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> None reported
Noncompliance matter to the financial statements disclosed:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Federal Awards

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

TWO RIVERS PUBLIC HEALTH DEPARTMENT
KEARNEY, NEBRASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

2021-001 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.

2021-002 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, 2021

2021-002 FINANCIAL REPORTING PROCESSES (Continued)

Condition

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

Cause

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

Potential Effect

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

Recommendation

Management should carefully review the financial statements and related disclosures.

Department's Response

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

TWO RIVERS PUBLIC HEALTH DEPARTMENT
KEARNEY, NEBRASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2021

The prior audit findings are as follows:

FINANCIAL STATEMENT FINDINGS

2020-001 FINANCIAL REPORTING PROCESSES

There were no changes in the year end financial reporting process. See current year finding 2021-001.

2020-002 SEGREGATION OF DUTIES

There were no changes to the segregation of duties processes. See current year finding 2021-002.