

**PANHANDLE PUBLIC HEALTH DISTRICT**  
**Hemingford, Nebraska**

**FINANCIAL REPORT**

**June 30, 2016**

**PANHANDLE PUBLIC HEALTH DISTRICT**

**Hemingford, Nebraska**

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**Gardner, Loutzenhiser and Ryan, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Panhandle Public Health District  
Hemingford, Nebraska

We have audited the accompanying financial statements of the governmental activities of Panhandle Public Health District (a Special District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the foregoing 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 States 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 fraud or error.

### **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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the District, as of June 30, 2016, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 15 be presented to supplement the basic financial statements. Such information, 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.

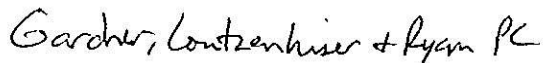
*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The schedule of functional expenses 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The schedule of functional expenses and the schedule of expenditures of federal awards 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 schedule of functional expenses and the schedule of expenditures of federal awards 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 January 3, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 internal control over financial reporting and compliance.



Chadron, Nebraska  
January 3, 2017

**PANHANDLE PUBLIC HEALTH DISTRICT**  
**Hemingford, Nebraska**

**STATEMENT OF NET POSITION**

**June 30, 2016**

Assets

Cash and cash equivalents	\$ 81,814
Accounts receivable	78,890
Inventory	23,290
Certificates of deposit	225,402
Property and equipment, net of accumulated depreciation	70,770
Deferred outflows of resources for pensions	64,232
Net pension asset	<u>1,794</u>

Total assets \$ 546,192

Liabilities

Accounts payable	\$ 7,004
Accrued payroll liabilities	58,206
Deferred inflows of resources for pensions	<u>13,701</u>

Total liabilities \$ 78,911

Net position

Net investment in capital assets	\$ 70,770
Unrestricted	<u>396,511</u>

Total net position \$ 467,281

See accompanying independent auditors' report  
and notes to the financial statements.

**PANHANDLE PUBLIC HEALTH DISTRICT**  
**Hemingford, Nebraska**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

**For the Year Ended June 30, 2016**

Operating revenues	
Infrastructure funds	\$ 125,000
Per capita funds	94,672
General funds	72,700
Getting moving in the panhandle - pedometer sales	1,597
Preparedness	138,086
Maternal child health	411,470
Chronic disease and cancer prevention	395,694
Surveillance	106,242
Coordination contracts	140,912
Miscellaneous	<u>6,760</u>
Total operating revenues	\$ <u>1,493,133</u>
Operating expenditures	
General and administrative	\$ 293,246
Preparedness	284,460
Maternal child health	459,087
Chronic disease and cancer prevention	477,544
Surveillance	111,117
Coordination contracts	97,803
Other	15,013
Depreciation	<u>25,005</u>
Total operating expenditures	\$ <u>1,763,275</u>
Operating income (loss)	\$ (270,142)
Nonoperating revenues and expenditures	
Interest income	<u>725</u>
Increase (decrease) in net position	\$ <u>(269,417)</u>
Net position, beginning of year	\$ 593,597
Prior period adjustment	<u>143,101</u>
Net position, beginning of year (restated)	\$ <u>736,698</u>
Net position, end of year	\$ <u><u>467,281</u></u>

See accompanying independent auditors' report  
and notes to the financial statements.

**PANHANDLE PUBLIC HEALTH DISTRICT**  
**Hemingford, Nebraska**

**STATEMENT OF CASH FLOWS**

**For the Year Ended June 30, 2016**

Cash flows from operating activities	
Cash received from grants and contracts	\$ 1,259,429
Cash received from services	385,773
Cash paid to employees	(1,022,708)
Cash paid to suppliers	<u>(736,350)</u>
Net cash provided by operating activities	\$ <u>(113,856)</u>
Cash flows from capital and related financing activities	
Purchase of furniture and equipment	\$ <u>(22,947)</u>
Net cash used in capital and related financing activities	\$ <u>(22,947)</u>
Cash flows from investing activities	
Interest income received	\$ <u>725</u>
Net cash provided by investing activities	\$ <u>725</u>
Net increase (decrease) in cash and cash equivalents	\$ (136,078)
Cash and cash equivalents, beginning of year	<u>217,892</u>
Cash and cash equivalents, end of year	\$ <u><u>81,814</u></u>
Reconciliation of operating income to net cash used in operating activities:	
Operating income (loss)	\$ (270,142)
Adjustments to reconcile change in operating income (loss) to net cash provided by operating activities:	
Depreciation	25,005
Decrease in deferred outflows for pension	(56,109)
Decrease in accounts receivable	152,069
(Increase) in inventory	(4,831)
Decrease in pension asset	90,434
(Decrease) in accounts payable	(34,577)
(Decrease) in accrued expenses	(19,275)
Increase in deferred inflows for pension	<u>3,570</u>
Net cash used in operating activities	\$ <u><u>(113,856)</u></u>

See accompanying independent auditors' report  
and notes to the financial statements.

**PANHANDLE PUBLIC HEALTH DISTRICT**  
**Hemingford, Nebraska**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity** - The Panhandle Public Health District (the District) is a special district membership based organization serving ten counties in the Panhandle of Nebraska. The District is created pursuant to the resolutions of agreement among those counties and State Statute 71-1626 to 71-1636 for the purposes of establishing and operating a District Health Department to preserve, promote and improve the public health of the people served by the District. Funding sources consist primarily of State and Federal grants and contract services funds. The financial information included in this report includes only those funds that are controlled by or dependent upon the board of directors.

**Basis of Accounting** - The financial statements have been prepared on the accrual basis of accounting. Grants, entitlements and/or shared revenues are recognized as revenues when the prime factor for determining eligibility is met. Expenditures are recognized when they are incurred.

**Property, plant and equipment** - Property, plant and equipment is stated at cost less accumulated depreciation. A capitalization threshold of \$5,000 is used to report capital assets. Major renewals and improvements are capitalized. Depreciation expense has been computed on the straight-line method over the estimated useful lives of the respective assets as follows:

	<u>Life In Years</u>
Furniture and fixtures	5-10
Equipment	3-10

**Accounts Receivable, Allowance for Doubtful Accounts** - Receivables include amounts due from grantors for the reimbursement of expenditures already incurred and from contracts with government agencies. All receivables are deemed collectible; therefore, no allowance for doubtful accounts has been provided for.

**Operating and Non Operating Revenues** - Operating revenues result from transactions associated with the purpose of the District. All other items are shown as non-operating.

**Functional Expenses** - The District allocates its expenses on a functional basis among its various programs. Expenses that can be identified with a specific program are allocated directly according to their natural expense classification.

**Concentration of Revenues** - Nearly all of the District's support was provided through contracts and funding by Nebraska Health and Human Services.

**Use of estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

See accompanying independent auditors' report.



**PANHANDLE PUBLIC HEALTH DISTRICT**  
**Hemingford, Nebraska**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Cash, Cash Equivalents and Investments - Nebraska statutes permit deposits and investments in certificates of deposit of a bank to the extent that they are fully insured by the Federal Deposit Insurance Corporation or secured by a pledge of assets and U.S. Treasury Notes (RRS 77-2352). A detail of balances at June 30, 2016, is as follows:

	<u>Bank Balance</u>	<u>Carrying Balance</u>
Insured by FDIC	\$ <u>428,535</u>	\$ <u>307,216</u>

Custodial Credit Risk is the risk that in the event of a bank failure the District's deposits may not be returned. The District manages its custodial credit risk through pledged collateral.

For purposes of the Statement of Cash Flows, the District considers all investments with a maturity of three months or less to be cash equivalents. Investments consist of certificates of deposit with a one year maturity date.

Inventory - Inventory is valued at the lower of cost or market under the first-in, first-out method.

Net Position - Net position classifications are defined as follows:

Net investment in capital assets - This component of net position consists of capital assets, including any restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings, if any, that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - This component of net position consists of noncapital net assets that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the District.

Unrestricted - This component of net position consists of net position classification's that do not meet the definition of "restricted" or "net investment in capital assets," above.

Restricted resources - When the District has both restricted and unrestricted net position available for a particular expense, it is the District's policy to apply restricted net position before unrestricted.

Compensated absences - Paid time off (PTO) and extended illness bank (EIB) may be carried forward by employees in an amount not to exceed 240 hours. The PTO vests, however, the EIB is not payable upon termination. The PTO is accrued as an expense and a liability as it is earned.

See accompanying independent auditors' report.

**PANHANDLE PUBLIC HEALTH DISTRICT**  
**Hemingford, Nebraska**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2016**

**NOTE 2 - BUDGET PROCESS**

The District follows the provisions of Chapter 23, Article 9, of the Nebraska Budget Act, in establishing the budgetary data reflected in the accompanying financial statements:

1. On or before September 1, the Board prepares and transmits a budget showing the requirements, the operating reserve to be maintained, the cash on hand at the close of the preceding fiscal year, the revenue from sources other than taxation, and the amount to be raised by taxation, if any.
2. At least one public hearing must be held by the Board to obtain taxpayer comments.
3. Prior to September 20, the budget, as revised, is adopted and the amounts provided therein are appropriated.
4. Budgets are prepared on the cash basis, which differs from the basis of accounting used in preparing the financial statements.
5. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.
6. All unexpended appropriations lapse at year end.

**NOTE 3 - PROPERTY AND EQUIPMENT**

A summary of property and equipment is as follows:

	<u>Balance</u> <u>7/1/2015</u>	<u>Acquisitions</u>	<u>Dispositions</u>	<u>Balance</u> <u>6/30/2016</u>
Furniture and fixtures	\$ 21,690	\$ -	\$ -	\$ 21,690
Equipment	184,481	-	-	184,481
Vehicles	<u>98,443</u>	<u>22,947</u>	<u>-</u>	<u>121,390</u>
Total fixed assets	\$ 304,614	\$ 22,947	\$ -	\$ 327,561
Accumulated Depreciation	<u>(231,786)</u>	<u>(25,005)</u>	<u>-</u>	<u>(256,791)</u>
Net Equipment	<u>\$ 72,828</u>	<u>\$ (2,058)</u>	<u>\$ -</u>	<u>\$ 70,770</u>

**NOTE 4 - RISK MANAGEMENT**

The District carries commercial insurance for all risks of loss. There have been no claims resulting from these risks which have exceeded commercial insurance coverage in any of the past three fiscal years.

See accompanying independent auditors' report.

**PANHANDLE PUBLIC HEALTH DISTRICT**  
**Hemingford, Nebraska**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2016**

**NOTE 5 - EMPLOYEES' RETIREMENT SYSTEM**

**Plan Description**

The District 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, 2015, 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. Also available are additional forms of payment allowed under the plan which are actuarially equivalent to the normal form including the option of a full lump sum or partial lump sum.

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

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

For the District's fiscal year ended June 30, 2016, the District's total payroll for all employees was \$701,992. Total covered payroll was \$694,092. Covered payroll refers to all compensation paid by the District to active employees covered by the Plan.

**Contributions**

The District's contribution is based on 150% of the members' contributions to the fund. The District's 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 District's contribution to the Plan for its year ended June 30, 2016 was \$47,808.

See accompanying independent auditors' report.

**PANHANDLE PUBLIC HEALTH DISTRICT**  
**Hemingford, Nebraska**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2016**

**NOTE 5 - EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)**

**Pension Liabilities**

At June 30, 2016 the District had an asset of \$1,794 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, 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 105.4% funded (actuarial accrued liability less actuarial assets) as of December 31, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2015, the District's proportion was 0.279031 percent.

For the year ended December 31, 2015, the District's allocated pension expense was \$82,748.

**Actuarial Assumptions**

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price Inflation	3.25 percent
Wage Inflation	4.00 percent
Salary increases, including wage inflation	4.30 – 8.50 percent
Long-term Rate of Return, net of investment expense, including price inflation	7.75 percent
Municipal Bond Index Rate	3.57 percent
Year FNP is Projected to be Depleted	N/A
Single Equivalent Int. Rate, net of investment expense, including price inflation	7.75 percent
Interest crediting rate, including dividends	6.75 percent

The District Plan's pre-retirement mortality rates were based on the 1994 Group Annuity Mortality Table, projected to 2015 using scale AA, set back one year (sex distinct with 55 percent of male rates for males and 40 percent of female rates for females).

The District Plan's post-retirement rates were based on the 1994 Group Annuity Mortality Table, projected to 2015 using Scale AA, set-back one year (sex distinct).

The actuarial assumptions used in the December 1, 2015, valuations for the County plan are based on the results of the most recent actuarial experience study, which covered the five year period ending June 30, 2011. The experience study report is dated August 20, 2012.

See accompanying independent auditors' report.

**PANHANDLE PUBLIC HEALTH DISTRICT**  
**Hemingford, Nebraska**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2016**

**NOTE 5 - EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)**

**Actuarial Assumptions (Continued)**

The long-term expected real rate of return on pension plan investments was based upon the expected long-term investment returns provided by a 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 plans' target asset allocation as of December 31, 2015, (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. Stocks	29.0%	4.4%
Non-U.S. Stocks	13.5%	5.2%
Global Stocks	15.0%	4.8%
Fixed Income	30.0%	2.1%
Real Estate	7.5%	4.4%
Private Equity	5.0%	6.7%
Total	100.00%	

\*Geometric mean, net of investment expenses.

**Discount Rate**

The discount rate used to measure the Total Pension Liability at both December 31, 2014, and December 31, 2015, was 7.75 percent. The discount rate is reviewed as part of the actuarial experience study, which was last performed for the period July 1, 2006, through June 30, 2011. The actuarial experience study is reviewed by the NPERS Board, which must vote to change the discount rate.

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 plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability. The projected future benefit payments for all current plan members were projected through 2115.

See accompanying independent auditors' report.

**PANHANDLE PUBLIC HEALTH DISTRICT**  
**Hemingford, Nebraska**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2016**

**NOTE 5 - EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)**

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	Discount rate	District's proportionate Share of net pension <u>liability(asset)</u>
1% decrease	6.75%	\$94,646
Current discount rate	7.75%	(\$1,794)
1% increase	8.75%	(\$84,801)

**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.

**NOTE 6 - RELATED PARTY TRANSACTIONS**

Marie Parker, the District's board member whom performs public health nursing functions in Banner County is paid in part through a contract the District has with Banner County Schools. The amount paid to Banner County Schools for the fiscal year ended June 30, 2016, was \$5,585.

Judy Soper, the District's board member from Deuel County, is an employee of Volunteers of America (VOA). The amount paid to VOA for preparedness, community services and chronic disease for the fiscal year ended June 30, 2016 was \$13,049.

See accompanying independent auditors' report.

**PANHANDLE PUBLIC HEALTH DISTRICT**  
**Hemingford, Nebraska**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2016**

**NOTE 6 - RELATED PARTY TRANSACTIONS (CONTINUED)**

Kim Engel, the District's director, is the treasurer for and member of the Nebraska Association of Local Health Directors (NALHD). The amount paid to NALHD for community services, meals, dues and travel for the fiscal year ended June 30, 2016, was \$49,173.

The District receives money from Panhandle Partnership for Health and Human Services (PPHHS), with Kim Engle, director, a board member, by way of her position as Public Health Director. Money received from PPHHS includes training academy coordination, home visitation community, and travel to meetings. The amount received for the fiscal year ended June 30, 2016, was \$11,354.

The District pays money to Panhandle Partnership for Health and Human Services (PPHHS), with Kim Engle, director, a board member, by way of her position as Public Health Director. Money paid to PPHHS includes home visitation program, membership dues, and training academy coordination. The amount paid for the fiscal year ended June 30, 2016, was \$9,362.

**NOTE 8 – PRIOR PERIOD ADJUSTMENT**

Beginning net position as previously reported at June 30, 2015	\$ 593,597
Prior period adjustment – Implementation of GASB 68:	
Net pension asset December 31, 2013	184,456
Deferred outflows for the fiscal year ending June 30, 2014	<u>(41,355)</u>
Net position as restated, beginning of year	\$ <u>736,698</u>

**NOTE 8 – SUBSEQUENT EVENTS**

Subsequent events were evaluated through January 3, 2017, which is the date the financial statements were available to be issued.

See accompanying independent auditors' report.

**PANHANDLE PUBLIC HEALTH DISTRICT**  
**Hemingford, Nebraska**

**REQUIRED SUPPLEMENTARY INFORMATION**



**PANHANDLE PUBLIC HEALTH DISTRICT**  
**Hemingford, Nebraska**

**BUDGETARY COMPARISON SCHEDULE**

**For the Year Ended June 30, 2016**

	Budget	
	<u>Original and Final</u>	<u>Actual</u>
Budgetary fund balances, beginning of year	\$ 443,249	\$ 443,294
Resources and inflows		
Federal grants	1,389,054	956,013
State grants	215,953	526,459
Pedometer sales	-	1,597
Interest	-	725
Miscellaneous	384,499	161,133
Amounts available for appropriation	<u>\$ 2,432,755</u>	<u>\$ 2,089,221</u>
Charges to appropriations		
Operating expenses		
Administration	\$ 583,854	\$ 287,226
Preparedness	331,408	266,428
Maternal Child Health	433,500	463,430
Chronic Disease and Cancer Prevention	329,144	480,044
Surveillance	105,458	107,313
Coordination Contracts	198,060	113,930
Other	8,082	40,687
Capital outlay	-	22,947
Total charges to appropriations	<u>\$ 1,989,506</u>	<u>\$ 1,782,005</u>
Budgetary fund balances, end of year	<u>\$ 443,249</u>	<u>\$ 307,216</u>
Sources and inflows of resources		
Budgetary basis		\$ 2,089,221
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes		(443,294)
Basis differences - accrual differences because of the cash basis of accounting used for budgeting and the accrual basis of accounting used for financial reporting		<u>(152,069)</u>
Total revenues reported on the statement of revenues, expenditures and changes in net position, plus nonoperating interest income revenues		<u>\$ 1,493,858</u>
Uses and outflows of resources		
Budgetary basis		\$ 1,782,005
Basis differences - accrual differences because the cash basis of accounting used for budgeting differs from the accrual basis of accounting used for financial reporting		<u>(18,730)</u>
Total expenditures reported on the Statement of Revenues, Expenditures and Changes in Net Position		<u>\$ 1,763,275</u>

See accompanying independent auditors' report.

**PANHANDLE PUBLIC HEALTH DISTRICT**  
**Hemingford, Nebraska**

**SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY(ASSET)**

**For the Year Ended June 30, 2016**

	<u>2016</u>		<u>2015</u>
Employer's proportion of the net pension liability	0.279031%		0.263688%
Employer's proportionate share of the net pension liability (asset)	\$ (1,794)	\$	(92,228)
Employer's covered employee payroll	707,275		618,113
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-0.253650%		-14.920896%
Plan fiduciary net position as a percentage of the total pension liability	100.16%		110.07%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

See accompanying independent auditors' report.

**PANHANDLE PUBLIC HEALTH DISTRICT**  
**Hemingford, Nebraska**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

**For the Year Ended June 30, 2016**

<u>Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
2016	\$ 47,808	\$ 47,808	\$ -	\$ 694,092	6.76%
2015	\$ 41,355	\$ 41,355	\$ -	\$ 618,113	6.69%

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2016**

***Changes of Benefit Terms***

There were no changes of benefit terms for the year ended June 30, 2016.

***Changes of Assumptions***

There were no changes of benefit assumptions for the year ended June 30, 2016.

See accompanying independent auditors' report.

**PANHANDLE PUBLIC HEALTH DISTRICT**  
**Hemingford, Nebraska**

**OTHER SUPPLEMENTAL INFORMATION**

**PANHANDLE PUBLIC HEALTH DISTRICT**  
**Hemingford, Nebraska**

**SCHEDULE OF FUNCTIONAL EXPENSES**

**For the Year Ended June 30, 2016**

	<u>General and Administrative</u>	<u>Preparedness</u>	<u>Maternal Child Health</u>	<u>Chronic Disease and Cancer Prevention</u>	<u>Surveillance</u>	<u>Coordination Contracts</u>	<u>Other</u>	<u>Unallocated Expenditures</u>	<u>Total</u>
Advertising	\$ 1,019	\$ 384	\$ 445	\$ 2,608	\$ 13	\$ 840	\$ 3	\$ -	\$ 5,312
Accounting	1,085	-	-	-	-	-	-	-	1,085
Administrative services	-	-	-	-	-	861	-	-	861
Audit	4,429	2,000	2,241	2,500	2,759	-	-	-	13,929
Bank charges	19	-	-	-	-	-	-	-	19
Contract labor	37,740	39,065	9,401	111,486	9,234	43	1,796	-	208,765
Dues and subscriptions	7,228	312	3,127	920	726	27	-	-	12,340
Education and training	2,190	5,600	4,048	5,864	963	1,096	29	-	19,790
Insurance	6,033	739	2,819	-	-	-	-	-	9,591
Legal	4,580	-	-	-	-	-	-	-	4,580
Meetings	3,784	1,174	2,368	1,591	474	3,298	-	-	12,689
Miscellaneous	19,713	-	-	-	7,394	-	-	-	27,107
Office supplies	20,591	14,244	30,806	25,522	9,814	1,900	6,169	-	109,046
Payroll taxes	9,623	7,992	16,857	12,576	3,736	3,316	199	-	54,299
Printing	15,428	6,696	3,196	21,932	1,857	1,371	2,023	-	52,503
Program expense	2,013	-	5,277	-	-	23,903	-	-	31,193
Repairs and maintenance	8,312	3,879	986	626	3,317	71	-	-	17,191
Supplies	-	-	-	-	-	75	-	-	75
Employee benefits	20,998	36,514	103,233	66,904	11,822	7,456	870	-	247,797
Salaries	91,672	116,162	223,499	176,909	49,828	41,071	2,851	-	701,992
Rent	2,639	7,385	15,237	5,516	1,886	2,474	32	-	35,169
Telephone and utilities	4,703	24,641	14,159	8,713	2,903	1,701	106	-	56,926
Travel	29,447	17,673	21,388	33,877	4,391	8,300	935	-	116,011
Depreciation	-	-	-	-	-	-	-	25,005	25,005
	<u>\$ 293,246</u>	<u>\$ 284,460</u>	<u>\$ 459,087</u>	<u>\$ 477,544</u>	<u>\$ 111,117</u>	<u>\$ 97,803</u>	<u>\$ 15,013</u>	<u>\$ 25,005</u>	<u>\$ 1,763,275</u>

See accompanying independent auditors' report.

**PANHANDLE PUBLIC HEALTH DISTRICT**  
**Hemingford, Nebraska**

**SINGLE AUDIT REPORTS AND SCHEDULES**



**Gardner, Loutzenhiser and Ryan, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors  
Panhandle Public Health District  
Hemingford, 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 Panhandle Public Health District (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 3, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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. 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.

To the Board of Directors  
Panhandle Public Health District  
Hemingford, Nebraska  
Page 2 of 2

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District'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*.

### **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.



Chadron, Nebraska  
January 3, 2017





**Gardner, Loutzenhiser and Ryan, P.C.**  
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 Directors  
Panhandle Public Health District  
Hemingford, Nebraska

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

We have audited Panhandle Public Health District'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 Panhandle Public Health District's major federal programs for the year ended June 30, 2016. Panhandle Public Health District's major federal programs are identified in the summary of auditor's 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.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Panhandle Public Health District'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* 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 Panhandle Public Health District'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 Panhandle Public Health District's compliance.

To the Board of Directors  
Panhandle Public Health District  
Hemingford, Nebraska  
Page 2 of 2

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

In our opinion, Panhandle Public Health District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

### **Report on Internal Control over Compliance**

Management of Panhandle Public Health District 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 Panhandle Public Health District'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 Panhandle Public Health District'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.

*Gardner, Loustzenhiser + Ryan PC*

Chadron, Nebraska  
January 3, 2017

**PANHANDLE PUBLIC HEALTH DISTRICT**  
**Hemingford, Nebraska**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the Year Ended June 30, 2016**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster</u>	<u>State Passthrough Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through Nebraska Department of Health and Human Services:			
Bioterrorism	U90TP000533	93.069	\$ 95,816
Bioterrorism Ebola	U90TP000533	93.074	4,794
West Nile Virus	3U50CK000418-01S1	93.283	7,182
Home Visitation	X02MC27407	93.505	439,479
Panhandle Regional Medical Response System Ebola	U3REP0491A3	93.817	7,979
Panhandle Regional Medical Response System	5U90TP000533	93.889	120,527
Cluster: State Public Health Actions to Prevent and Control Diabetes, Heart Disease, Obesity and Associated Risk Factors and Promote School Health financed in part by Prevention and Public Health Funding			
Public Health Actions to Prevent and Control Chronic Disease	5U58DP0005493-02	93.757	319,624
State Public Health Actions to Prevent and Control Diabetes, Heart Disease, Obesity and Associated Risk Factors and Promote School Health	6NU58DP004819-03-01	93.757	8,064
Total of cluster			<u>\$ 327,688</u>
Cluster: Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funding			
Healthy Communities	B010T009036	93.758	12,124
WFD Accred Prep	B010T009036	93.758	8,610
Preventive Health and Health Service	B010T009036	93.758	44,995
Total of cluster			<u>\$ 65,729</u>
Passed through Panhandle Area Development District:			
Brownfield	1E11TS000255-01	93.070	<u>2,290</u>
Total U.S. Department of Health and Human Services			<u>\$ 1,071,484</u>
<u>Environmental Protection Agency</u>			
Passed through Nebraska Department of Health and Human Services:			
Radon	K1-00739924	66.032	<u>\$ 3,838</u>
Total Homeland Security			<u>\$ 3,838</u>
<u>Department of Veterans Affairs</u>			
Passed through Nebraska Association of Local Health Directors:			
Grants for the Rural Veterans Coordination Pilot	2014-RVCP-50	64.038	<u>\$ 58,310</u>
Total Environmental Protection Agency			<u>\$ 58,310</u>
Total Federal Expenditures			<u><u>\$ 1,133,632</u></u>

See accompanying independent auditors' report and  
notes to the schedule of expenditures of federal awards.

**PANHANDLE PUBLIC HEALTH DISTRICT**  
**Hemingford, Nebraska**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the Year Ended June 30, 2016**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Panhandle Public Health District (the District) for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position.

**NOTE 2 - FEDERAL EXPENDITURES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. The District has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3 - CONTINGENCIES**

The District receives funds under various federal grant programs and such assistance is to be expended in accordance with the provisions of the various grants. Compliance with the grants is subject to audit by various government agencies which may impose sanctions in the event of non-compliance. Management believes that they have complied with all aspects of the various grant provisions and the results of adjustments, if any, relating to such audits would not have any material financial impact.

See accompanying independent auditors' report.

**PANHANDLE PUBLIC HEALTH DISTRICT**  
**Hemingford, Nebraska**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2016**

A. Summary of Auditors' Results

*Financial Statements*

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_yes      X  no
- Significant deficiency(s) identified that are not considered to be material weaknesses? \_\_\_\_\_yes      X  none reported
- Noncompliance material to financial statements noted? \_\_\_\_\_yes      X  no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_yes      X  no
- Significant deficiency(s) identified that are not considered to be material weaknesses? \_\_\_\_\_yes      X  none reported

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_yes      X  no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.505	Home Visitation

Dollar threshold used to distinguish between type A and type B programs: \$   750,000  

Auditee qualified as low-risk auditee?   X  yes    \_\_\_\_\_no

See accompanying independent auditors' report.

**PANHANDLE PUBLIC HEALTH DISTRICT**  
**Hemingford, Nebraska**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**For the Year Ended June 30, 2016**

B. Findings - Financial Statement Audit

None

C. Findings and Questioned Costs - Major Federal Award Program Audit

None

See accompanying independent auditors' report.

**PANHANDLE PUBLIC HEALTH DISTRICT**  
**Hemingford, Nebraska**

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2016**

Findings - Financial Statement Audit

None

Findings and Questioned Costs - Major Federal Award Program Audit

None

See accompanying independent auditors' report.