

**AUDIT REPORT
OF
HOLT COUNTY**

JULY 1, 2018, THROUGH JUNE 30, 2019

**This document is an official public record of the State of Nebraska, issued by
the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original
document and may be prohibited by law.**

Issued on September 12, 2019

HOLT COUNTY

TABLE OF CONTENTS

	<u>Page</u>
List of County Officials	1
Financial Section	
Independent Auditor's Report	2 - 4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position - Cash Basis	5
Statement of Activities - Cash Basis	6
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds	7
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Governmental Funds	8
Statement of Cash Basis Net Position - Fiduciary Funds	9
Notes to Financial Statements	10 - 18
Combining Statements and Schedules:	
Budgetary Comparison Schedule - Budget and Actual - General Fund	19 - 20
Budgetary Comparison Schedule - Budget and Actual - Major Funds	21
Budgetary Comparison Schedule - Budget and Actual - Nonmajor Funds	22 - 24
Combining Statement of Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Nonmajor Governmental Funds	25 - 27
Schedule of Office Activities	28
Schedule of Taxes Certified and Collected for All Political Subdivisions in the County	29
Schedule of Expenditures of Federal Awards	30
Notes to the Schedule of Expenditures of Federal Awards	31
Government Auditing Standards Section	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	32 - 33
Report on Compliance for each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	34 - 36
Schedule of Findings and Questioned Costs	37 - 38

HOLT COUNTY
204 N. 4th
O'Neill, NE 68763

LIST OF COUNTY OFFICIALS
At June 30, 2019

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Supervisors	Steve Boshart	Jan. 2021
	Donald Butterfield	Jan. 2023
	Douglas Frahm	Jan. 2023
	Don Hahlbeck	Jan. 2023
	Darrin Paxton	Jan. 2021
	Robert Snyder	Jan. 2021
	William Tielke	Jan. 2023
Assessor	Tim Wallinger	Jan. 2023
Attorney	Brent Kelly	Jan. 2023
Clerk Election Commissioner Register of Deeds	Cathy Pavel	Jan. 2023
Clerk of the District Court	Junior Young	Jan. 2023
Public Defender	Rod Smith	Jan. 2023
Sheriff	Ben Matchett	Jan. 2023
Surveyor	Steven Rasmussen	Jan. 2023
Treasurer	Connie Krotter	Jan. 2023
Veterans' Service Officer	Ken Stenka	Appointed
Weed Superintendent	Bill Babutzke	Appointed
Highway Superintendent	Gary Connot	Appointed
Emergency Manager	Deb Hilker	Appointed
Planning and Zoning	Mike Durre	Appointed



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
auditors.nebraska.gov

HOLT COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Holt County, Nebraska

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Holt County, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County'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 the cash basis of accounting described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 County'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 County'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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and aggregate remaining fund information of Holt County as of June 30, 2019, and the respective changes in cash-basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Emphasis of Matters – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole, which collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, schedule of expenditures of Federal awards 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 schedule of taxes certified and collected, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, schedule of expenditures of Federal awards 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 schedule of taxes certified and collected, pages 19-30, 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2019, on our consideration of Holt County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control

over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Holt County's internal control over financial reporting and compliance.



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

September 10, 2019

HOLT COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2019

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 7,669,159
TOTAL ASSETS	<u><u>\$ 7,669,159</u></u>
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 111,223
Emergency Management	20
Law Enforcement	28,652
Preservation of Records	9,647
Road Maintenance	513,560
Aid and Assistance	30,646
Unrestricted	<u>6,975,411</u>
TOTAL NET POSITION	<u><u>\$ 7,669,159</u></u>

The notes to the financial statements are an integral part of this statement.

HOLT COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended June 30, 2019

Functions:	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ (4,257,320)	\$ 662,133	\$ 77,990	\$ (3,517,197)
Public Safety	(1,088,858)	25,197	64,476	(999,185)
Public Works	(10,925,507)	38,627	3,407,830	(7,479,050)
Public Assistance	(83,673)	-	-	(83,673)
Culture and Recreation	(119,827)	-	-	(119,827)
Total Governmental Activities	<u>\$ (16,475,185)</u>	<u>\$ 725,957</u>	<u>\$ 3,550,296</u>	<u>(12,198,932)</u>

General Receipts:

Property Taxes	9,242,235
Grants and Contributions Not Restricted to Specific Programs	1,355,935
Investment Income	152,014
Licenses and Permits	51,927
Bond Proceeds	3,957,988
Health Insurance Balance	442,003
Miscellaneous	307,663
Total General Receipts	<u>15,509,765</u>
Increase in Net Position	3,310,833
Net Position - Beginning of year	4,358,326
Net Position - End of year	<u>\$ 7,669,159</u>

The notes to the financial statements are an integral part of this statement.

HOLT COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
June 30, 2019

	<u>General Fund</u>	<u>Road Fund</u>	<u>Inheritance Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents (Note 1.D)	\$ 4,008,531	\$ 825,549	\$ 1,573,043	\$ 1,262,036	\$ 7,669,159
TOTAL ASSETS	<u>\$ 4,008,531</u>	<u>\$ 825,549</u>	<u>\$ 1,573,043</u>	<u>\$ 1,262,036</u>	<u>\$ 7,669,159</u>
FUND BALANCES					
Restricted for:					
Visitor Promotion	-	-	-	111,223	111,223
Emergency Management	-	-	-	20	20
Law Enforcement	-	-	-	28,652	28,652
Preservation of Records	-	-	-	9,647	9,647
Road Maintenance	-	-	-	513,560	513,560
Aid and Assistance	-	-	-	30,646	30,646
Committed to:					
Law Enforcement	-	-	-	42,376	42,376
Road Maintenance	-	825,549	-	455,890	1,281,439
Road Equipment	-	-	-	70,022	70,022
Assigned to:					
Other Purposes	-	-	1,573,043	-	1,573,043
Unassigned	4,008,531	-	-	-	4,008,531
TOTAL CASH BASIS FUND BALANCES	<u>\$ 4,008,531</u>	<u>\$ 825,549</u>	<u>\$ 1,573,043</u>	<u>\$ 1,262,036</u>	<u>\$ 7,669,159</u>

The notes to the financial statements are an integral part of this statement.

HOLT COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Property Taxes	\$ 7,848,383	\$ 244,301	\$ 530,920	\$ 618,631	\$ 9,242,235
Licenses and Permits	42,127	9,800	-	-	51,927
Investment Income	151,638	-	-	376	152,014
Intergovernmental	1,352,403	3,090,039	-	463,789	4,906,231
Charges for Services	678,295	38,627	-	9,035	725,957
Miscellaneous	455,541	4,246,993	-	5,120	4,707,654
TOTAL RECEIPTS	<u>10,528,387</u>	<u>7,629,760</u>	<u>530,920</u>	<u>1,096,951</u>	<u>19,786,018</u>
DISBURSEMENTS					
General Government	4,246,058	-	11,262	-	4,257,320
Public Safety	1,010,489	-	-	78,369	1,088,858
Public Works	268,909	9,463,698	-	1,192,900	10,925,507
Public Assistance	77,173	-	-	6,500	83,673
Culture and Recreation	-	-	-	119,827	119,827
TOTAL DISBURSEMENTS	<u>5,602,629</u>	<u>9,463,698</u>	<u>11,262</u>	<u>1,397,596</u>	<u>16,475,185</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>4,925,758</u>	<u>(1,833,938)</u>	<u>519,658</u>	<u>(300,645)</u>	<u>3,310,833</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	630,998	2,600,000	-	-	3,230,998
Transfers out	(2,100,000)	-	(1,100,000)	(30,998)	(3,230,998)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,469,002)</u>	<u>2,600,000</u>	<u>(1,100,000)</u>	<u>(30,998)</u>	<u>-</u>
Net Change in Fund Balances	3,456,756	766,062	(580,342)	(331,643)	3,310,833
CASH BASIS FUND BALANCES - BEGINNING					
	<u>551,775</u>	<u>59,487</u>	<u>2,153,385</u>	<u>1,593,679</u>	<u>4,358,326</u>
CASH BASIS FUND BALANCES - ENDING					
	<u>\$ 4,008,531</u>	<u>\$ 825,549</u>	<u>\$ 1,573,043</u>	<u>\$ 1,262,036</u>	<u>\$ 7,669,159</u>

The notes to the financial statements are an integral part of this statement.

HOLT COUNTY
STATEMENT OF CASH BASIS NET POSITION
FIDUCIARY FUNDS
June 30, 2019

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 1,448,594
 LIABILITIES	
Due to other governments	
State	242,764
Schools	551,716
Educational Service Units	7,539
Technical College	54,796
Natural Resource Districts	23,956
Fire Districts	5,465
Municipalities	54,305
Agricultural Society	871
Reclamation Districts	1,458
Townships	335,789
Others	169,935
TOTAL LIABILITIES	1,448,594
 TOTAL NET ASSETS	 \$ -

The notes to the financial statements are an integral part of this statement.

HOLT COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2019

1. Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies utilized in the accounting system of Holt County.

A. Reporting Entity

Holt County, Nebraska, (County) is a governmental entity established under and governed by the laws of the State of Nebraska (State). The County is managed by county officials who are elected on a political ballot for four-year terms. As a political subdivision of the State, the County is exempt from State and Federal income taxes. The financial statements include all funds of the County that are not legally separate. The County has also considered all potential component units for which it is financially accountable, as well as other organizations that are either fiscally dependent on the County or maintain a significant relationship with the County, such that exclusion would be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County. The County is also considered financially accountable if an organization is fiscally dependent on and there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

As required by Generally Accepted Accounting Principles (GAAP), these financial statements present the County (the primary government). No component units were identified.

Joint Organization.

Behavioral Health Region IV – The County has entered into an agreement with surrounding counties and the Nebraska Department of Health and Human Services to provide services to carry out the provisions of the Nebraska Behavioral Health Services Act (Act). Agreements were established under the authority of the Interlocal Cooperation Act for services to be provided under the Act. Region IV (Region) consists of the following counties: Cherry, Keya Paha, Boyd, Brown, Rock, Holt, Knox, Cedar, Dixon, Dakota, Thurston, Wayne, Pierce, Antelope, Boone, Nance, Madison, Stanton, Cuming, Burt, Colfax, and Platte.

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$47,512 toward the operation of the Region during fiscal year 2019. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Department of Health and Human Services requires the Region to be audited annually in accordance with State statute. Financial information for the Region is available in those audit reports.

HOLT COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

Health Department – The County has entered into an agreement with the North Central District Health Department (Department) to provide public health services. The agreement was established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636 (Reissue 2018).

The Department's governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. The County did not contribute toward the operation of the Department during fiscal year 2019. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Cum. Supp. 2018). Financial information for the Department is available in that report.

Boyd Holt E911 Communications Center – The County has entered into an agreement with the Boyd Holt E911 Communications Center (Center) to establish a countywide 911 service. Participating members of the Center are the city of O'Neill and the counties of Boyd and Holt.

The Center's governing board is established by interlocal agreement and includes representatives from the participating political subdivisions. Funding is provided by 911 surcharges collected by the State of Nebraska and local telephone companies, and local funding is provided on a per capita basis by the participating entities. The County contributed \$101,296 toward the operation of the Center during fiscal year 2019. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Center is required to be audited in accordance with Neb. Rev. Stat. § 84-304(4) (Cum. Supp. 2018). An audit waiver was requested for fiscal year 2018; financial information for the Center is available in that waiver.

Holt County Economic Development Agency – The County has entered into an agreement with the Holt County Economic Development Agency (Agency) to establish a countywide economic development plan. Participating members of the Agency are the cities of O'Neill and Atkinson, the villages of Stuart, Ewing, Chambers, Emmet, Inman, and Page, and the county of Holt.

The Agency's governing board is established by interlocal agreement and includes representatives from the participating political subdivisions. Funding is provided by local funding as a percentage of the Agency's annual budget. The County contributed \$38,322 toward the operation of the Agency during fiscal year 2019. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement.

B. Basis of Presentation

Government-Wide Financial Statements. The Statement of Net Position - Cash Basis and Statement of Activities - Cash Basis display information about the activities of the County and are in the format of government-wide statements, as required by GASB Statement Number 34. These statements include all the financial activities of the County, except for fiduciary activities. Internal activities in these statements were considered immaterial and have not been eliminated. Governmental Generally Accepted Accounting Principles (GAAP) requires internal activity to be

HOLT COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

eliminated to minimize double counting. The County reports governmental activities only. Governmental activities are generally financed through taxes, intergovernmental receipts, and other nonexchange transactions. The Statement of Net Position presents the County's non-fiduciary assets in two categories:

Restricted. This category results when constraints are externally imposed on net asset use by creditors, grantors, or contributors, or imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources as they are needed.

Unrestricted. This category represents resources that do not meet the definition of the preceding category. Unrestricted resources often have constraints on resources that are imposed by management, but those constraints can be removed or modified.

The statement of activities demonstrates the degree to which the direct disbursement of a given function or segment is offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include the following: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements. The fund financial statements provide information about the County's funds, including its fiduciary funds. GAAP requires separate statements by fund category – governmental, proprietary, and fiduciary. The County uses only the governmental and fiduciary fund categories. The County Board is the highest level of decision-making authority and has the authority, by resolution, to establish, modify, or rescind the commitment or assignment of a fund balance to a specific purpose. When resources for a specific purpose are available in more than one fund balance classification, the County's policy is to use resources in the following order: restricted, committed, assigned, and unassigned. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for financial resources of the general government, except those required to be accounted for in another fund.

Road Fund. This fund is used to account for costs associated with the repair and maintenance of roads and bridges and is primarily funded by State tax receipts.

Inheritance Fund. This fund is used to account for the receipts generated from inheritance taxes and is used for various projects.

HOLT COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

The County reports the following additional non-major governmental fund types:

Special Revenue Funds. These funds account for the proceeds from a specific receipt source that is restricted to disbursements for a specified purpose.

Agency Funds. These funds account for assets held by the County as an agent for various local governments.

The County designates fund balances as follows:

Restricted. The fund balance is restricted by external impositions, such as creditors, grantors, or laws or regulations of other governments.

Committed. The fund balance has been designated by the County Board for a specific purpose.

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

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

C. **Measurement Focus, Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The accounting records of the County are maintained and the government-wide financial statements were reported on the basis of cash receipts and disbursements. As such, the measurement focus includes only those assets and fund balances arising from cash transactions on the Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis. Receipts are recognized when received, and disbursements are recognized when warrants are paid. This differs from governmental GAAP, which requires the government-wide and fiduciary fund financial statements to be reported using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus and basis of accounting, receipts are recorded when earned, and disbursements are recorded when a liability is incurred, regardless of the timing of related cash flows.

The governmental fund financial statements were also reported on the cash receipt and disbursement basis of accounting. As such, the same measurement focus and basis of accounting were used, as described above. This differs from governmental GAAP, which requires governmental fund financial statements to be reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this measurement focus and basis of accounting, receipts are recognized as soon as they are both measurable and available. Receipts are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Disbursements are generally recorded when a liability is incurred, as under accrual accounting. However, disbursements related to compensated absences and claims and judgments are recorded only when payment is due.

HOLT COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

D. Assets and Net Position

Cash and Cash Equivalents. The County's cash and cash equivalents are considered to be cash on hand and demand deposits.

Investments. The types of investments in which the County is authorized to invest funds are enumerated in Neb. Rev. Stat. § 77-2315, § 77-2340, and § 77-2341 (Reissue 2018) and generally include U.S. Government obligations, certificates of deposit, and time deposits and securities, which are authorized by the Nebraska Investment Council.

Capital Assets. Under the cash receipts and disbursements basis of accounting, capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as disbursements in governmental funds. GAAP requires capital assets, which would include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), to be reported in the applicable governmental activities columns in the government-wide financial statements.

Depreciation expenses on capital assets were not recorded on the cash basis financial statements. Under GAAP, depreciation expenses would be recorded in the Statement of Activities. The cost of normal maintenance and repairs that does not add to the value of the asset or extend asset life is not capitalized.

Compensated Absences. Vested or accumulated vacation leave that is liquidated with expendable available financial resources is reported as a disbursement of the County funds as paid. Upon termination, employees are paid for any unused vacation. Under the receipts and disbursements basis of accounting, the liabilities for compensated absences are not reported since they do not represent liabilities arising from cash transactions. Under GAAP, the compensated absences liability would be reported in the government-wide financial statements and would be recorded in accordance with the County's policy, which is to recognize the expense and accrued liability when vacation and compensatory leave is earned.

Restricted Net Position. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$693,748 of restricted net position, which is fully restricted by enabling legislation.

Budgetary Process. The County adopts an annual budget in accordance with the statutory requirements of the Nebraska Budget Act. The budget is prepared on the cash receipts and disbursements basis of accounting. The budget contains only those receipts actually received by the County Treasurer. The County does not utilize an encumbrance accounting system. All appropriated spending authority lapses at the end of the fiscal year.

HOLT COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

On or before August 1, the County budget-making authority prepares and transmits a budget for each County fund to the County Board. The budget includes the requirements, the outstanding warrants, the operating reserves to be maintained, the cash on hand at the close of the preceding fiscal year, the receipts from sources other than taxation, and the amount to be raised by taxation. The County Board must hold at least one public hearing on the proposed budget. On or before September 20, the County Board adopts the budget and appropriates the amounts specified in the budget for the departments, offices, activities, and funds of the County.

The County Board is authorized to transfer budgeted amounts between departments within any fund through resolution; however, if revisions are made that alter the total disbursements of any fund, an additional public hearing must be held. The legal level of budgetary control for the General Fund is at the function level, and the special revenue fund types are at the fund level. The County Board is also authorized to budget for the transfer of money between County funds.

Excess of Disbursements Over Appropriations. For the year ended June 30, 2019, disbursements exceeded budgeted appropriations in five functions of the General Fund, as follows: Personnel Costs by \$1,915,661; Counsel and Jury Costs by \$105,484; Economic Development by \$39,555; District Probation Office by \$41,963; and Highway Department by \$123,040. These over-expenditures were funded by the available fund balance in the General Fund.

2. **Deposits and Investments**

The County has generally pooled the cash resources of the various funds for investment purposes. Interest earned on pooled funds is credited to the County General Fund in accordance with Neb. Rev. Stat. § 77-2315 (Reissue 2018).

At year end, the County's carrying amount of deposits was \$7,669,159 for County funds and \$1,448,594 for Fiduciary funds. The bank balances for all funds totaled \$10,932,382. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2019, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

3. **Property Taxes**

Property taxes are levied by the County Board on or before October 15 of each year for all political subdivisions in the County. Real estate and personal property taxes are due and attach as an enforceable lien on January 1 following the levy date, and they become delinquent in two equal installments on May 1 and September 1. Motor vehicle taxes are due when application is made for registration of a motor vehicle.

Counties are permitted by the State Constitution to levy a tax of up to \$.50/\$100 of assessed valuation for general governmental services other than the payment of principal and interest on bonded debt. Counties may levy taxes in addition to the 50-cent limitation upon a vote of the people.

HOLT COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Property Taxes** (Concluded)

The levy set in October 2018, for the 2018 taxes, which will be materially collected in May and September 2019, was set at \$.261086/\$100 of assessed valuation. The levy set in October 2017, for the 2017 taxes, which were materially collected in May and September 2018, was set at \$.248536/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

Additionally, there is currently a statutory lid limitation, which limits taxation to the prior year's level, with provisions for growth. The lid may be increased by 1% upon the approval of a three-fourths majority of the County Board.

4. **Retirement System**

The Retirement System for Nebraska Counties (Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2012, Cum. Supp. 2018) and may be amended through legislative action.

Participation in the Plan is required of all full-time employees. Part-time (working less than one-half of the regularly scheduled hours) employees may elect voluntary participation upon reaching age 18. Part-time elected officials may exercise the option to join.

County employees and elected officials contribute 4.5% of their total compensation. In addition, the County contributes an amount equal to 150% of the employee's contribution. The contribution rates are established by § 23-2307 and § 23-2308 and may be amended through legislative action. The employee's and employer's contributions are kept in separate accounts. The employee's account is fully vested. The employer's account is fully vested after three years of participation in the system or credit for participation in another governmental plan prior to actual contribution to the Plan. Non-vested County contributions are forfeited upon termination. Forfeitures are used to cover a portion of the pension plan's administrative expenses. Prior service benefits are paid directly by the County to the retired employee. The Plan's financial statements, including pension costs and obligations, are audited annually and can be obtained from the State of Nebraska Public Employees Retirement System.

A supplemental retirement plan was established on January 1, 2003, for the benefit of all present and future commissioned law enforcement personnel employed by the County. Employees contribute 1% of their salary, and the County contributes an amount equal to 100% of the employee's contribution. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings.

For the year ended June 30, 2019, 113 employees contributed \$160,398, and the County contributed \$238,726. Contributions included \$2,600 in cash contributions towards the supplemental law enforcement plan for seven law enforcement employees. Lastly, the County paid \$558 directly to 13 retired employees for prior service benefits.

HOLT COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. **Risk Management**

The County is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has purchased commercial insurance to cover the risk of loss and believes adequate coverage exists for potential exposures.

There were no significant reductions in insurance coverage from the prior year coverage, and the County did not incur any expenses that exceeded the coverage amount for the year ended June 30, 2019.

6. **Interfund Transfers**

Interfund transfers for the year ended June 30, 2019, consisted of the following:

Transfers to	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
General Fund	\$ -	\$ 600,000	\$ 30,998	\$ 630,998
Road Fund	2,100,000	500,000	-	2,600,000
Total	\$ 2,100,000	\$ 1,100,000	\$ 30,998	\$ 3,230,998

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

In the year ended June 30, 2019, the County made a one-time transfer of \$30,756 from the Courthouse Bond Fund and \$242 from the County ADA Fund to the General Fund to close unused funds.

7. **Capital Leases Payable**

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

	2018 Dodge Chargers	2019 Weed Department Pickup	2016 Dodge Charger	Total
Balance July 1, 2018	\$ -	\$ -	\$ 19,388	\$ 19,388
Purchases	42,449	21,515	-	63,964
Payments	14,651	-	12,738	27,389
Balance June 30, 2019	\$ 27,798	\$ 21,515	\$ 6,650	\$ 55,963

HOLT COUNTY

NOTES TO FINANCIAL STATEMENTS

(Concluded)

7. **Capital Leases Payable** (Concluded)

	2018 Dodge Chargers	2019 Weed Department Pickup	2016 Dodge Charger	Total
Future Payments:				
Year				
2020	\$ 14,652	\$ 5,715	\$ 6,738	\$ 27,105
2021	14,651	5,716	738	21,105
2022	-	5,715	-	5,715
2023	-	5,716	-	5,716
Total Payments	<u>29,303</u>	<u>22,863</u>	<u>7,476</u>	<u>59,641</u>
Less Interest	<u>1,505</u>	<u>1,347</u>	<u>826</u>	<u>3,678</u>
Present Value of Future Minimum Lease Payments	<u>\$ 27,798</u>	<u>\$ 21,515</u>	<u>\$ 6,650</u>	<u>\$ 55,963</u>
Carrying Value of the Related Fixed Asset	<u>\$ 42,449</u>	<u>\$ 21,515</u>	<u>\$ 19,388</u>	<u>\$ 83,352</u>

8. **Contingent Liabilities**

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, the County Attorney believes the resolution of these matters will not have a materially adverse effect on the financial condition of the County.

9. **Long-Term Debt**

The County issued bonds on May 30, 2019, in the amount of \$4,000,000 for the purpose of paying the costs of constructing and reconstructing certain road improvements related to extreme flooding. The bond payable balance, as of June 30, 2019, was \$4,000,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Future tax resources and highway allocation funds will be used to pay off the bonds.

Future Payments:			
Year	Principal	Interest	Total
2020	\$ 765,000	\$ 82,878	\$ 847,878
2021	785,000	62,732	847,732
2022	800,000	48,210	848,210
2023	815,000	33,010	848,010
2024	835,000	17,118	852,118
Total Payments	<u>\$ 4,000,000</u>	<u>\$ 243,948</u>	<u>\$ 4,243,948</u>

HOLT COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 9,621,200	\$ 9,621,200	\$ 7,848,383	\$ (1,772,817)
Licenses and Permits	41,000	41,000	42,127	1,127
Interest	36,949	36,949	151,638	114,689
Intergovernmental	323,300	323,300	1,352,403	1,029,103
Charges for Services	633,400	633,400	678,295	44,895
Miscellaneous	-	-	455,541	455,541
TOTAL RECEIPTS	<u>10,655,849</u>	<u>10,655,849</u>	<u>10,528,387</u>	<u>(127,462)</u>
DISBURSEMENTS				
General Government:				
County Board	126,770	126,770	120,460	6,310
County Clerk	189,150	189,150	183,543	5,607
County Treasurer	249,122	249,122	231,764	17,358
County Assessor	336,785	336,785	323,951	12,834
Election Commissioner	50,450	50,450	32,306	18,144
Building and Zoning	11,600	11,600	7,657	3,943
Clerk of the District Court	127,500	127,500	112,813	14,687
County Court System	20,000	20,000	14,851	5,149
District Judge	20,175	20,175	11,894	8,281
Public Defender	104,245	104,245	103,674	571
Building and Grounds	541,585	541,585	267,700	273,885
Agricultural Extension Agent	107,761	107,761	103,924	3,837
Personnel Costs	-	-	1,915,661	(1,915,661)
Counsel & Jury Costs	-	-	105,484	(105,484)
Economic Development	-	-	39,555	(39,555)
Miscellaneous	3,879,428	3,879,428	670,821	3,208,607
Public Safety				
County Sheriff	478,500	478,500	461,891	16,609
County Attorney	197,684	197,684	190,281	7,403
County Jail	290,800	290,800	285,446	5,354
Emergency Management	31,050	31,050	30,908	142
District Probation Office	-	-	41,963	(41,963)
Public Works				
County Surveyor	30,000	30,000	23,500	6,500
Noxious Weed Control	124,775	124,775	122,369	2,406
Highway Department	-	-	123,040	(123,040)
Public Assistance				
Veterans' Service Officer	79,800	79,800	77,173	2,627
TOTAL DISBURSEMENTS	<u>6,997,180</u>	<u>6,997,180</u>	<u>5,602,629</u>	<u>1,394,551</u>

(Continued)

HOLT COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	3,658,669	3,658,669	4,925,758	1,267,089
OTHER FINANCING SOURCES (USES)				
Transfers in	1,730,756	1,730,756	630,998	(1,099,758)
Transfers out	<u>(5,311,200)</u>	<u>(5,311,200)</u>	<u>(2,100,000)</u>	<u>3,211,200</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,580,444)</u>	<u>(3,580,444)</u>	<u>(1,469,002)</u>	<u>2,111,442</u>
Net Change in Fund Balance	78,225	78,225	3,456,756	3,378,531
FUND BALANCE - BEGINNING	<u>551,775</u>	<u>551,775</u>	<u>551,775</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ 630,000</u></u>	<u><u>\$ 630,000</u></u>	<u><u>\$4,008,531</u></u>	<u><u>\$ 3,378,531</u></u>

(Concluded)

HOLT COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Taxes	\$ 10,000	\$ 10,000	\$ 244,301	\$ 234,301
Licenses and Permits	-	-	9,800	9,800
Intergovernmental	2,740,909	2,740,909	3,090,039	349,130
Charges for Services	46,000	46,000	38,627	(7,373)
Miscellaneous	300,003	4,300,003	4,246,993	(53,010)
TOTAL RECEIPTS	<u>3,096,912</u>	<u>7,096,912</u>	<u>7,629,760</u>	<u>532,848</u>
 DISBURSEMENTS	 <u>7,467,600</u>	 <u>11,467,600</u>	 <u>9,463,698</u>	 <u>2,003,902</u>
 EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	 <u>(4,370,688)</u>	 <u>(4,370,688)</u>	 <u>(1,833,938)</u>	 <u>2,536,750</u>
 OTHER FINANCING SOURCES (USES)				
Transfers in	4,311,200	4,311,200	2,600,000	(1,711,200)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>4,311,200</u>	<u>4,311,200</u>	<u>2,600,000</u>	<u>(1,711,200)</u>
 Net Change in Fund Balance	 (59,488)	 (59,488)	 766,062	 825,550
FUND BALANCE - BEGINNING	59,488	59,488	59,487	(1)
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 825,549</u>	<u>\$ 825,549</u>
 INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 376,616	\$ 376,616	\$ 530,920	\$ 154,304
TOTAL RECEIPTS	<u>376,616</u>	<u>376,616</u>	<u>530,920</u>	<u>154,304</u>
 DISBURSEMENTS	 <u>830,000</u>	 <u>830,000</u>	 <u>11,262</u>	 <u>818,738</u>
 EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	 <u>(453,384)</u>	 <u>(453,384)</u>	 <u>519,658</u>	 <u>973,042</u>
 OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(1,700,000)	(1,700,000)	(1,100,000)	600,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,700,000)</u>	<u>(1,700,000)</u>	<u>(1,100,000)</u>	<u>600,000</u>
 Net Change in Fund Balance	 (2,153,384)	 (2,153,384)	 (580,342)	 1,573,042
FUND BALANCE - BEGINNING	2,153,384	2,153,384	2,153,385	1
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,573,043</u>	<u>\$ 1,573,043</u>

HOLT COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
HIGHWAY ROAD BRIDGE BUYBACK FUND				
Receipts	\$ 333,535	\$ 333,535	\$ 333,535	\$ -
Disbursements	(513,560)	(513,560)	-	513,560
Net Change in Fund Balance	(180,025)	(180,025)	333,535	513,560
Fund Balance - Beginning	180,025	180,025	180,025	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 513,560</u>	<u>\$ 513,560</u>
CONSTRUCTION ASPHALT FUND				
Receipts	\$ 499,999	\$ 499,999	\$ 524,549	\$ 24,550
Disbursements	(2,616,758)	(2,616,758)	(1,192,900)	1,423,858
Transfers in	1,000,000	1,000,000	-	(1,000,000)
Transfers out	-	-	-	-
Net Change in Fund Balance	(1,116,759)	(1,116,759)	(668,351)	448,408
Fund Balance - Beginning	1,116,759	1,116,759	1,116,760	\$ 1
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 448,409</u>	<u>\$ 448,409</u>
INTERLOCAL ROAD FUND				
Receipts	\$ 12,519	\$ 12,519	\$ -	\$ (12,519)
Disbursements	(20,000)	(20,000)	-	20,000
Net Change in Fund Balance	(7,481)	(7,481)	-	7,481
Fund Balance - Beginning	7,481	7,481	7,481	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,481</u>	<u>\$ 7,481</u>
EQUIPMENT RESERVE FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(70,022)	(70,022)	-	70,022
Net Change in Fund Balance	(70,022)	(70,022)	-	70,022
Fund Balance - Beginning	70,022	70,022	70,022	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,022</u>	<u>\$ 70,022</u>
VISITORS PROMOTION FUND				
Receipts	\$ 35,014	\$ 35,014	\$ 62,358	\$ 27,344
Disbursements	(80,000)	(80,000)	(66,772)	13,228
Net Change in Fund Balance	(44,986)	(44,986)	(4,414)	40,572
Fund Balance - Beginning	44,986	44,986	44,987	\$ 1
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,573</u>	<u>\$ 40,573</u>

(Continued)

HOLT COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>VISITORS IMPROVEMENT FUND</u>				
Receipts	\$ 30,654	\$ 30,654	\$ 62,359	\$ 31,705
Disbursements	(92,000)	(92,000)	(53,055)	38,945
Net Change in Fund Balance	(61,346)	(61,346)	9,304	70,650
Fund Balance - Beginning	61,346	61,346	61,346	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,650</u>	<u>\$ 70,650</u>
<u>REGISTER OF DEEDS PRESERVATION AND MODERNIZATION FUND</u>				
Receipts	\$ 7,388	\$ 7,388	\$ 9,035	\$ 1,647
Disbursements	(8,000)	(8,000)	-	8,000
Net Change in Fund Balance	(612)	(612)	9,035	9,647
Fund Balance - Beginning	612	612	612	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,647</u>	<u>\$ 9,647</u>
<u>VETERANS' AID FUND</u>				
Receipts	\$ -	\$ -	\$ 2,042	\$ 2,042
Disbursements	(35,106)	(35,106)	(6,500)	28,606
Net Change in Fund Balance	(35,106)	(35,106)	(4,458)	30,648
Fund Balance - Beginning	35,106	35,106	35,104	\$ (2)
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,646</u>	<u>\$ 30,646</u>
<u>LAW ENFORCEMENT GRANTS FUND</u>				
Receipts	\$ 5,426	\$ 5,426	\$ 19,088	\$ 13,662
Disbursements	(10,000)	(10,000)	(754)	9,246
Net Change in Fund Balance	(4,574)	(4,574)	18,334	22,908
Fund Balance - Beginning	4,574	4,574	4,575	\$ 1
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,909</u>	<u>\$ 22,909</u>
<u>MISCELLANEOUS GRANTS (NEMA) FUND</u>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(20)	(20)	-	20
Net Change in Fund Balance	(20)	(20)	-	20
Fund Balance - Beginning	20	20	20	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ 20</u>

(Continued)

HOLT COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
JUVENILE JUSTICE GRANT HHS FUND				
Receipts	\$ 83,817	\$ 83,817	\$ 50,508	\$ (33,309)
Disbursements	(89,700)	(89,700)	(50,648)	39,052
Net Change in Fund Balance	(5,883)	(5,883)	(140)	5,743
Fund Balance - Beginning	5,883	5,883	5,883	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,743</u>	<u>\$ 5,743</u>
LAW ENFORCEMENT CONTRACT FUND				
Receipts	\$ 33,432	\$ 33,432	\$ 33,477	\$ 45
Disbursements	(69,300)	(69,300)	(26,967)	42,333
Net Change in Fund Balance	(35,868)	(35,868)	6,510	42,378
Fund Balance - Beginning	35,868	35,868	35,866	\$ (2)
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,376</u>	<u>\$ 42,376</u>
COURTHOUSE BOND FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(30,756)	(30,756)	(30,756)	-
Net Change in Fund Balance	(30,756)	(30,756)	(30,756)	-
Fund Balance - Beginning	30,756	30,756	30,756	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
COUNTY ADA FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(242)	(242)	-	242
Transfers in	-	-	-	-
Transfers out	-	-	(242)	(242)
Net Change in Fund Balance	(242)	(242)	(242)	-
Fund Balance - Beginning	242	242	242	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Concluded)

HOLT COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	Highway Road Bridge Buyback Fund	Construction Asphalt Fund	Interlocal Road Fund	Equipment Reserve Fund	Visitors Promotion Fund
RECEIPTS					
Property Taxes	\$ -	\$ 492,350	\$ -	\$ -	\$ 62,358
Investment Income	-	-	-	-	-
Intergovernmental	333,535	32,199	-	-	-
Charges for Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
TOTAL RECEIPTS	<u>333,535</u>	<u>524,549</u>	<u>-</u>	<u>-</u>	<u>62,358</u>
DISBURSEMENTS					
Public Safety	-	-	-	-	-
Public Works	-	1,192,900	-	-	-
Public Assistance	-	-	-	-	-
Culture and Recreation	-	-	-	-	66,772
TOTAL DISBURSEMENTS	<u>-</u>	<u>1,192,900</u>	<u>-</u>	<u>-</u>	<u>66,772</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>333,535</u>	<u>(668,351)</u>	<u>-</u>	<u>-</u>	<u>(4,414)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	333,535	(668,351)	-	-	(4,414)
FUND BALANCES - BEGINNING	<u>180,025</u>	<u>1,116,760</u>	<u>7,481</u>	<u>70,022</u>	<u>44,987</u>
FUND BALANCES - ENDING	<u>\$ 513,560</u>	<u>\$ 448,409</u>	<u>\$ 7,481</u>	<u>\$ 70,022</u>	<u>\$ 40,573</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	40,573
Emergency Management	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	-	-	-
Road Maintenance	513,560	-	-	-	-
Aid and Assistance	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Road Maintenance	-	448,409	7,481	-	-
Road Equipment	-	-	-	70,022	-
TOTAL FUND BALANCES	<u>\$ 513,560</u>	<u>\$ 448,409</u>	<u>\$ 7,481</u>	<u>\$ 70,022</u>	<u>\$ 40,573</u>

(Continued)

HOLT COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	Visitors Improvement Fund	Register of Deeds Preservation and Modernization Fund	Veterans' Aid Fund	Law Enforcement Grants Fund	Miscellaneous Grants (NEMA) Fund
RECEIPTS					
Property Taxes	\$ 62,359	\$ -	\$ 1,564	\$ -	\$ -
Investment Income	-	-	376	-	-
Intergovernmental	-	-	102	19,088	-
Charges for Services	-	9,035	-	-	-
Miscellaneous	-	-	-	-	-
TOTAL RECEIPTS	62,359	9,035	2,042	19,088	-
DISBURSEMENTS					
Public Safety	-	-	-	754	-
Public Works	-	-	-	-	-
Public Assistance	-	-	6,500	-	-
Culture and Recreation	53,055	-	-	-	-
TOTAL DISBURSEMENTS	53,055	-	6,500	754	-
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	9,304	9,035	(4,458)	18,334	-
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
Net Change in Fund Balances	9,304	9,035	(4,458)	18,334	-
FUND BALANCES - BEGINNING	61,346	612	35,104	4,575	20
FUND BALANCES - ENDING	\$ 70,650	\$ 9,647	\$ 30,646	\$ 22,909	\$ 20
FUND BALANCES:					
Restricted for:					
Visitor Promotion	70,650	-	-	-	-
Emergency Management	-	-	-	-	20
Law Enforcement	-	-	-	22,909	-
Preservation of Records	-	9,647	-	-	-
Road Maintenance	-	-	-	-	-
Aid and Assistance	-	-	30,646	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Road Maintenance	-	-	-	-	-
Road Equipment	-	-	-	-	-
TOTAL FUND BALANCES	\$ 70,650	\$ 9,647	\$ 30,646	\$ 22,909	\$ 20

(Continued)

HOLT COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	Juvenile Justice Grant HHS Fund	Law Enforcement Contract Fund	Courthouse Bond Fund	County ADA Fund	Total Nonmajor Governmental Funds
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 618,631
Investment Income	-	-	-	-	376
Intergovernmental	45,388	33,477	-	-	463,789
Charges for Services	-	-	-	-	9,035
Miscellaneous	5,120	-	-	-	5,120
TOTAL RECEIPTS	<u>50,508</u>	<u>33,477</u>	<u>-</u>	<u>-</u>	<u>1,096,951</u>
DISBURSEMENTS					
Public Safety	50,648	26,967	-	-	78,369
Public Works	-	-	-	-	1,192,900
Public Assistance	-	-	-	-	6,500
Culture and Recreation	-	-	-	-	119,827
TOTAL DISBURSEMENTS	<u>50,648</u>	<u>26,967</u>	<u>-</u>	<u>-</u>	<u>1,397,596</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(140)</u>	<u>6,510</u>	<u>-</u>	<u>-</u>	<u>(300,645)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	(30,756)	(242)	(30,998)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(30,756)</u>	<u>(242)</u>	<u>(30,998)</u>
Net Change in Fund Balances	(140)	6,510	(30,756)	(242)	(331,643)
FUND BALANCES - BEGINNING	<u>5,883</u>	<u>35,866</u>	<u>30,756</u>	<u>242</u>	<u>1,593,679</u>
FUND BALANCES - ENDING	<u>\$ 5,743</u>	<u>\$ 42,376</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,262,036</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	111,223
Emergency Management	-	-	-	-	20
Law Enforcement	5,743	-	-	-	28,652
Preservation of Records	-	-	-	-	9,647
Road Maintenance	-	-	-	-	513,560
Aid and Assistance	-	-	-	-	30,646
Committed to:					
Law Enforcement	-	42,376	-	-	42,376
Road Maintenance	-	-	-	-	455,890
Road Equipment	-	-	-	-	70,022
TOTAL FUND BALANCES	<u>\$ 5,743</u>	<u>\$ 42,376</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,262,036</u>

(Concluded)

HOLT COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2019

	County Clerk	Register of Deeds	Clerk of the District Court	County Sheriff	County Attorney	Weed Superintendent	Highway Superintendent	Veterans' Service Officer	County Treasurer	Total
BALANCES JULY 1, 2017	\$ -	\$ 16,289	\$ 68,893	\$ 31,722	\$ 936	\$ -	\$ -	\$ 2,802	\$ -	\$ 120,642
RECEIPTS										
Property Taxes	-	-	-	30,717	-	-	-	-	-	30,717
Licenses and Permits	1,575	-	-	1,120	-	-	-	-	-	2,695
Intergovernmental	-	-	-	-	-	-	-	6,500	-	6,500
Charges for Services	1,637	97,914	15,983	30,379	4,422	-	78,814	-	-	229,149
Miscellaneous	1,363	2,626	75	6,821	2,228	239	76,185	1,047	333	90,917
State Fees	2,732	135,864	27,543	-	-	-	3,219	-	-	169,358
Other Liabilities	-	-	521,622	41,701	2,357	-	-	-	-	565,680
TOTAL RECEIPTS	7,307	236,404	565,223	110,738	9,007	239	158,218	7,547	333	1,095,016
DISBURSEMENTS										
Payments to County Treasurer	2,308	101,192	17,259	51,037	-	-	152,584	-	-	324,380
Payments to State Treasurer	2,650	140,930	26,200	-	-	-	3,181	-	-	172,961
Other Liabilities	1,894	163	419,864	44,051	7,308	114	-	7,844	133	481,371
TOTAL DISBURSEMENTS	6,852	242,285	463,323	95,088	7,308	114	155,765	7,844	133	978,712
BALANCES JUNE 30, 2018	\$ 455	\$ 10,408	\$ 170,793	\$ 47,372	\$ 2,635	\$ 125	\$ 2,453	\$ 2,505	\$ 200	\$ 236,946
BALANCES CONSIST OF:										
Due to County Treasurer	\$ 305	\$ 5,238	\$ 1,563	\$ 45,557	\$ 1,240	\$ -	\$ 2,416	\$ 2,505	\$ -	\$ 58,824
Petty Cash	150	-	75	250	1,000	125	-	-	200	1,800
Due to State Treasurer	-	5,170	1,403	955	-	-	37	-	-	7,565
Due to Others	-	-	167,752	610	395	-	-	-	-	168,757
BALANCES JUNE 30, 2018	\$ 455	\$ 10,408	\$ 170,793	\$ 47,372	\$ 2,635	\$ 125	\$ 2,453	\$ 2,505	\$ 200	\$ 236,946

HOLT COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2019

Item	2014	2015	2016	2017	2018
Tax Certified by Assessor					
Real Estate	\$ 29,348,661	\$ 31,533,434	\$ 31,206,258	\$ 34,060,388	\$ 35,667,593
Personal and Specials	2,468,508	2,426,141	1,871,463	1,820,860	1,807,498
Total	31,817,169	33,959,575	33,077,721	35,881,248	37,475,091
Corrections					
Additions	54,017	12,974	18,163	5,864	7,742
Deductions	(13,607)	(19,527)	(5,511)	(16,065)	(14,292)
Net Additions/ (Deductions)	40,410	(6,553)	12,652	(10,201)	(6,550)
Corrected Certified Tax	31,857,579	33,953,022	33,090,373	35,871,047	37,468,541
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2015	19,925,902	-	-	-	-
June 30, 2016	11,892,828	21,628,525	-	-	-
June 30, 2017	26,654	12,262,760	20,845,474	-	-
June 30, 2018	1,798	44,837	12,212,367	22,879,753	-
June 30, 2019	1,931	6,995	21,016	12,957,087	23,521,409
Total Net Collections	31,849,113	33,943,117	33,078,857	35,836,840	23,521,409
Total Uncollected Tax	\$ 8,466	\$ 9,905	\$ 11,516	\$ 34,207	\$ 13,947,132
Percentage Uncollected Tax	0.03%	0.03%	0.03%	0.10%	37.22%

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

HOLT COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
DEPARTMENT OF HOMELAND SECURITY			
Passed through Nebraska Military Department Disaster Grants - Public Assistance	97.036	unavailable *	<u>2,094,802</u>
Total U.S. Department of Homeland Security			<u>2,094,802</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Nebraska Department of Health and Human Services Child Support Enforcement	93.563	unavailable	<u>70,766</u>
Total U.S. Department of Health and Human Services			<u>70,766</u>
DEPARTMENT OF TRANSPORTATION			
Passed through Nebraska Department of Transportation State and Community Highway Safety	20.600	unavailable	776
National Priority Safety Programs	20.616	unavailable	<u>477</u>
Total U.S. Department of Transportation			<u>1,253</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 2,166,821</u></u>

* Represents Major Program
See accompanying Notes to the Schedule of Expenditures of Federal Awards

HOLT COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2019

1. Basis of Presentation

The accompanying schedule of expenditures of Federal awards (Schedule) includes the Federal award activity of Holt County (County) under programs of the Federal government for the year ended June 30, 2019, except as noted in Note 2 below. 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 the Schedule presents only a selected portion of the operations of Holt County, it is not intended to and does not present the financial position, changes or net assets of the County. The County's reporting entity is defined in Note 1.A. to the County's financial statements. Federal awards received directly from Federal agencies, as well as those passed through other government agencies, are included in the Schedule. Unless otherwise noted on the Schedule, all programs are received directly from the respective Federal agency.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The County has elected to use the 10 percent de minimis indirect cost rate, as allowed under Uniform Guidance.



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
auditors.nebraska.gov

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

Board of Supervisors
Holt County, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Holt County, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Holt County's basic financial statements, and have issued our report thereon dated September 10, 2019. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Holt County'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 Holt County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency to be a material weakness:

- The County offices lacked a segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. Inadequate segregation of duties could lead to the misappropriation of assets or improper reporting. Due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Holt County’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Additional Items

We also noted certain matters that we reported to the management of Holt County in a separate letter dated September 10, 2019.

Holt County’s Response to Findings

Holt County declined to respond to the finding described above.

Purpose of this Report

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



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

September 10, 2019



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
auditors.nebraska.gov

HOLT COUNTY
**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND
REPORT ON THE SCHEDULE OF EXPENITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

Board of Supervisors
Holt County, Nebraska

Report on Compliance for Each Major Federal Program

We have audited Holt County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Holt County's major Federal programs for the year ended June 30, 2019. Holt County'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 the 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 Holt County'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 Holt County'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 Holt County's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, Holt County 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, 2019.

Report on Internal Control Over Compliance

Management of Holt County 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 Holt County'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 Holt County'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 the 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Holt County as of and for the year ended June 30, 2019, and have issued our report thereon dated September 10, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements, which collectively comprise the basic financial statements. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis, as required by the Uniform Guidance, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the

financial statements or to the 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 expenditures of Federal awards is fairly stated in all material respects in relation to the financial statements as a whole. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.

September 10, 2019



Deann Haeffner
Assistant Deputy Auditor
Lincoln, Nebraska

HOLT COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2019

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with cash basis of accounting:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?	<u> X </u>	Yes	<u> </u>	No
Significant deficiencies identified?	<u> </u>	Yes	<u> X </u>	None Reported
Noncompliance material to financial statements noted?	<u> </u>	Yes	<u> X </u>	No

Federal Awards

Internal control over major programs:

Material weaknesses identified?	<u> </u>	Yes	<u> X </u>	No
Significant deficiencies identified?	<u> </u>	Yes	<u> X </u>	None Reported

Type of auditor’s report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 Yes X No

Major programs: **Disaster Grants – Public Assistance: CFDA#97.036**

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 Yes X No

HOLT COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Concluded)

Section II – Financial Statement Findings

Finding # 2019-1

- Condition - There is a lack of segregation of accounting functions among various County offices and personnel. This is a continuing item from the prior year.
- Criteria - Authorization or approval of transactions, recording of transactions, and custody of assets should normally be segregated from each other.
- Context - Various County offices collect money, most of those offices employ one or two individuals. The offices remit the money to the County Treasurer.
- Effect - This lack of segregation of duties results in an inadequate overall internal control structure design.
- Cause - The County does not employ sufficient office personnel to properly segregate accounting functions.
- Recommendation - The County should be aware of the inherent risks associated with improper segregation of accounting functions. The County should also develop mitigating controls to reduce the risk of errors or fraud associated with the improper segregation of accounting functions.
- View of Officials - The County has discussed the finding but must consider the cost of adequate segregation of duties when determining the use of tax money.

Section III – Federal Award Findings and Questioned Costs

None Noted



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
auditors.nebraska.gov

September 10, 2019

Board of Supervisors
Holt County, Nebraska

Dear Supervisors:

We have audited the basic financial statements of Holt County (County) for the fiscal year ended June 30, 2019, and have issued our report thereon dated September 10, 2019. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

During our audit, we noted certain matters involving internal control over financial reporting and other operational matters that are presented here. These comments and recommendations are intended to improve the internal control over financial reporting or result in operational efficiencies in the following areas:

COUNTY OVERALL

Segregation of Duties

Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. A system of internal control should include a proper segregation of duties, so no one individual is capable of handling all phases of a transaction from beginning to end.

We noted the offices of the County each lacked a segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. A lack of segregation of duties increases the risk of possible errors or irregularities; however, due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost.

We recommend the County review this situation. As always, the County must weigh the cost of hiring additional personnel versus the benefit of a proper segregation of duties.

Receipting Procedures

During our audit, we noted the following offices lacked proper receipts or other such documentation of funds received:

- The Veterans Service Officer collected donations; however, no receipts were on file to support \$1,020 deposited into the bank during the fiscal year.
- The County Attorney collected restitution and diversion funds; however, receipts were rarely issued to support \$9,153 deposited into the bank during the fiscal year.
- The County Sheriff collected fees for fingerprints, work release, prisoner boarding, and breath tests; however, no receipts were on file to support \$4,056 of collections during the fiscal year.
- The County Sheriff collected bonds; however, no receipts were on file to support \$5,076 deposited into the bank during the fiscal year.
- The County Sheriff collected handguns and title inspections totaling \$7,190; however, logs were created at the end of the month instead of when the funds were actually received.

Neb. Rev. Stat. § 23-1207(1) (Reissue 2012) states the following:

It shall be the duty of the county attorney, whenever he or she shall receive any money or other property in his or her official capacity, to give to the person paying or depositing such money or other property duplicate receipts, one of which shall be filed by such person with the county clerk.

Good internal controls and sound accounting practices require receipts to be issued or receipt logs to be maintained for all fees collected. Such receipts should be issued at the time the funds are collected by the office. Without such controls, the County is at an increased risk of loss, theft, or misuse of funds.

We recommend the County implement procedures to ensure receipts are issued for all funds collected at the time such funds are obtained by the office.

Purchases Made with Fee Collections

During the audit, we noted multiple offices made purchases using office collections without going through the claim and warrant process. These offices are detailed below.

County Attorney

Funds received for diversion fees were not remitted to the County Treasurer; instead, they were used to purchase the following items:

Payee	Amount	Description
US Bank	\$ 676	Medical Supplies
O'Neill Family Pharmacy	\$ 280	Narcan
Holt County Sheriff	\$ 400	Investigations
Total	\$ 1,356	

County Clerk

Funds received for plat maps and Game & Parks permit issuance fees were not remitted to the County Treasurer; instead, they were used to purchase the following items:

Payee	Amount	Description
Farm & Home Publishers	\$ 900	Plat Maps
Nebraska UC Fund	\$ 4	Interest on Unemployment
Neb. Association of Clerks	\$ 90	Training Registration
Farm & Home Publishers	\$ 900	Plat Maps
Total	\$ 1,894	

County Clerk of the District Court

Funds received for passport issuance fees were not remitted to the County Treasurer in their entirety; instead, they were used to purchase postage totaling \$1,033.

County Sheriff

Funds received for breath test fees, totaling \$582, were not remitted to the County Treasurer; instead, they were used for Breathalyzer equipment repairs.

Funds received for commissary commissions were not remitted to the County Treasurer; instead, they were used to purchase the following items:

Purchase Description	Amount
Phone cards	\$ 6,300
Washing Machine and Installation	\$ 1,036
Amazon Purchases (Books, Coffee Maker, Coloring Books)	\$ 429
Newspaper and Magazine Subscriptions	\$ 226
Monthly Cable Subscription	\$ 220
Bibles and Other Media	\$ 256
Postage	\$ 210
DNA Samples	\$ 50
Total	\$ 8,727

Neb. Rev. Stat. 23-1601(1) (Reissue 2012) states the following:

It is the duty of the county treasurer to receive all money belonging to the county, from whatsoever source derived and by any method of payment provided by section 77-1702, and all other money which is by law directed to be paid to him or her. All money received by the county treasurer for the use of the county shall be paid out by him or her only on warrants issued by the county board according to law, except when special provision for payment of county money is otherwise made by law.

Neb. Rev. Stat. § 23-3106 (Reissue 2012) states the following, in relevant part:

The purchasing agent, under the supervision of the county board, or the county board, if there is no purchasing agent, shall purchase all personal property and services required by any office, officer, department, or agency of the county government in the county, subject to the County Purchasing Act.

Without procedures to ensure that all funds received are remitted to the County Treasurer, and all purchases of personal property and services are made through the claim process, there is an increased risk for not only the loss, theft, or misuse of funds but also noncompliance with State statute.

We recommend the County offices implement procedures to ensure all funds received are remitted to the County Treasurer, and all purchases and expenditures are made through the claims process for inclusion in the budget.

Imprest Account Procedures

During the audit, we noted the following in relation to the County Imprest Account:

- The Imprest Account is maintained by the County Treasurer, instead of by the County Clerk.
- At June 30, 2019, the account was maintained at \$34,720 more than approved. This excess balance is due to the County Treasurer consistently transferring funds exceeding the amount of claims.

Neb. Rev. Stat. § 23-109(2) (Reissue 2012) states the following:

The county board may adopt by resolution an imprest system of accounting for the county and authorize the county clerk to establish an imprest vendor, payroll or other account for the payment of county warrants in accordance with any guidelines issued by the Auditor of Public Accounts.

According to the Imprest Guidelines (Guidelines) published by the Auditor of Public Accounts (https://auditors.nebraska.gov/County_Info/Imprest%20Guidelines.pdf), “The County Treasurer issues one check for the total of the warrants from the various funds to the . . . County Imprest Account.” The Guidelines state also, “The bank statement for the imprest account should be received by the clerks office and reconciled monthly.”

Without such procedures, the County is not in compliance with State statute and is exposed to an increased risk of loss, theft, or misuse of County funds.

We recommend the County implement procedures to ensure the County Imprest Account is handled in accordance with State statute and Guidelines issued by the Auditor of Public Accounts.

Recording and Approval of Transfers

For three funds, the recorded transfers in the County Clerk’s records did not agree to actual transfers recorded by the County Treasurer, as follows:

- General Fund transfers out per the County Treasurer totaled \$2,100,000; however, the County Clerk recorded these same transfers out as \$2,600,000.
- Courthouse Bond Fund transfers out per the County Treasurer totaled \$30,756; however, the County Clerk did not record these transfers.
- County ADA Fund transfer out per the County Treasurer totaled \$242; however, the County Clerk did not record these transfers.

Additionally, we noted two transfers between funds were completed without specific County Board approval:

- For one transfer, totaling \$500,000, the authorization form on file was not signed by the Board.

- A transfer, totaling \$30,998, did not have a corresponding authorization form.

Good internal control and sound business practice require procedures to ensure all activity of the County is properly reflected in the Clerk's records to ensure compliance with the Budget Act. Such procedures should include a timely and periodic reconciliation of disbursements between the County Clerk and County Treasurer records. Additionally, good internal control and sound accounting practice require the County Board to approve all transfers prior to the transfers actually occurring. Without such procedures, there is an increased risk the County Board will not be fully apprised of the financial status of the funds, as well as an increased risk of noncompliance with the Budget Act.

We recommend the County Clerk implement procedures to ensure all transfers are properly recorded in the financial records, approved by the County Board, and a periodic reconciliation to the County Treasurer is completed.

COUNTY ATTORNEY

Petty Cash Procedures

During our audit, we noted the following:

- Petty cash in the amount of \$1,000 is maintained in a bank account; however, the petty cash is not reconciled to the authorized amount. As of June 30, 2019, an overage of \$240 was noted.
- Six deposits into the petty cash account, totaling \$537, were not reimbursements from the County. The office was unable to provide information regarding the payor of these funds.
- During testing of petty cash reimbursements, we noted one reimbursement, totaling \$800, did not have any supporting documentation attached to the claim or documentation on file in the County Attorney's office.

Neb. Rev. Stat. § 23-106(2) (Reissue 2012) states the following:

The county board shall have the authority to establish a petty cash fund for such county for the purpose of making payments for subsidiary general operational expenditures and purchases. Such county board shall set, by resolution of the board, the amount of money to be carried in such petty cash fund and the dollar limit of an expenditure from such fund and such amount shall be stated in the fiscal policy of the county board budget message.

Additionally, good internal controls and sound accounting practices require procedures to ensure periodic reconciliation and balancing methods are used to ensure the petty cash is maintained at the authorized amount. Lastly, sound accounting practices require procedures to ensure all reimbursement requests are adequately supported with documentation, such as receipts.

Without such procedures, the County is not in compliance with State statute and is exposed to an increased risk of loss, theft, or misuse of County funds.

We recommend the County Attorney implement procedures to ensure (1) all petty cash funds held are maintained at the County Board authorized amount; (2) a periodic reconciliation to the authorized amount is completed; and (3) all petty cash reimbursement requests are adequately supported.

COUNTY BOARD

Health Insurance Petty Cash

At June 30, 2019, an account held by Meritain Health Insurance, a third-party administrator of the insurance claims, contained a balance of \$442,003. Meritain Health is the current holder of these funds and is authorized to withdraw money from the County's funds without prior approval of the County Board.

Neb. Rev. Stat. § 23-135(3) (Reissue 2012) states, "The county board may pay in advance of services being rendered if it is pursuant to a contract entered into with the state. Such contract shall meet the requirements of the Interlocal Cooperation Act."

As the funds paid to Meritain Health do not meet the requirements of section 23-135(3), all funds should be controlled by a County official in a County bank account, or held by a County official as an authorized petty cash fund. The amounts paid to Meritain Health were subjective and not based on the amount of claims paid or to keep the reserve balance at an established level. Due to this fluctuating amount, the County is unable to perform reconciliation procedures to ensure the balance held is accurate.

Neb. Rev. Stat. § 23-106(2) (Reissue 2012) states the following:

The county board shall have the authority to establish a petty cash fund for such county for the purpose of making payments for subsidiary general operational expenditures and purchases. Such county board shall set, by resolution of the board, the amount of money to be carried in such petty cash fund and the dollar limit of an expenditure from such fund and such amount shall be stated in the fiscal policy of the county board budget message.

Additionally, good internal controls and sound accounting practices require procedures to ensure periodic reconciliation and balancing methods are used to ensure the petty cash is maintained at the authorized amount.

Without such procedures, the County is not in compliance with State statute and is exposed to an increased risk of loss, theft, or misuse of County funds.

We recommend the County Board implement procedures to ensure (1) all funds held outside the County Treasurer are authorized as petty cash funds; (2) all approved funds are maintained at the authorized amount; and (3) a periodic reconciliation to the authorized amount is completed.

Delinquent Personal Property Taxes

A listing of delinquent personal property taxes was not reviewed prior to the payment of claims to ensure that payees had no delinquent personal property taxes. During testing, we noted one claim, totaling \$287,533, paid to a vendor who owed \$1,109 in delinquent personal property taxes.

Neb. Rev. Stat. § 23-143 (Reissue 2012) states the following:

The county board of any county, whenever the account or claim of any person, firm or corporation against the county is presented to them for allowance, shall procure from the county treasurer a certificate of the amount of delinquent personal taxes assessed against the person, firm or corporation in whose favor the account or claim is presented, and shall deduct from any amount found due upon such account or claim the amount of such tax, and shall forthwith issue a warrant for the balance remaining, if any.

When claims are not reviewed for delinquent property taxes, the County is not in compliance with State statute, increasing the risk for loss or misuse of funds.

We recommend the County Board implement procedures for reviewing payees for delinquent personal property taxes before their claims are approved and paid by the County.

Flower Purchases

We noted the following claims in which purchases were made for flowers:

Claim Number	Payee	Amount	Office
18100108	Sunrise Flower and Gift	\$ 100	Extension
19060032	Expressions Floral & Gift Shoppe	\$ 45	Probation
Total		\$ 145	

The Local Government Miscellaneous Expenditure Act (Act), which is set out at Neb. Rev. Stat. §§ 13-2201 through 13-2204 (Reissue 2012, Cum. Supp. 2018), addresses various expenditures, aside from those otherwise authorized by law, that constitute allowable uses of public funds by designated political subdivisions. The provisions of the Act are made applicable to counties, among numerous other entities, by both subsections (2) and (3) of § 13-2202.

Nothing in the Act authorizes the expenditure of public funds for the purchase of flowers.

In addition, on September 17, 1993, the Nebraska Accountability and Disclosure Commission issued a document entitled “A Guideline to the Use of Public Funds by Cities and Villages – Revised” (Guideline). The Guideline includes a number of specific scenarios involving the expenditure of public funds. Although issued more than two decades ago, the Guideline remains relevant.

Regarding the issue of flower purchases, the Guideline provides the following:

Question #6 – May municipal funds be expended for flowers and memorials for deceased elected officials, employees or their families?

Response – No.

The expenditure of County funds for unallowable disbursements not only constitutes a violation of the Act but also increases the risk for loss or misuse of funds.

We recommend the implementation of procedures to ensure County purchases are made in strict compliance with provisions of the Act.

Bidding Procedures

We noted two claims approved by the County Board did not follow State bidding requirements:

- The County Board appropriately bid a Stuart North Overlay project, which was awarded to Werner Construction in April 2017. In August 2018, the County Board approved a change order, totaling \$1,070,160, to add a second project to this bid for the Ewing South Overlay project. The change order added was not an addition to the original project; rather, it was for a project over 45 miles away.

- The County Road Superintendent entered into a contract with North Construction LLC for a project associated with flooding; however, this contract was not approved by the County Board, nor were bidding requirements waived as required by State statute.

Neb. Rev. Stat. § 23-3108(1) (Cum. Supp. 2018) states, in relevant part, the following:

Except as provided in section 23-3109, purchases of personal property or services by the county board or purchasing agent shall be made:

(a) Through the competitive sealed bidding process prescribed in section 23-3111 if the estimated value of the purchase is fifty thousand dollars or more[.]

Additionally, Neb. Rev. Stat. § 23-3109(2) (Reissue 2012), states the following:

The county board may, by majority vote of its members, waive the bidding requirements of the County Purchasing Act if such waiver is necessary to meet an emergency which threatens serious loss of life, health, or property in the county.

When County contracts for the purchase of personal property or services estimated to cost \$50,000 or more are awarded without bids being received or properly waived, the County is not in compliance with State statute.

We recommend the County Board implement procedures to ensure all of its contracts are awarded in compliance with applicable State bidding requirements.

COUNTY CLERK

Expenditures in Excess of Budget

For the fiscal year ended June 30, 2019, expenditures paid out of five functions of the General Fund were not contained in the adopted County budget. The County Clerk coded expenditures previously budgeted in the miscellaneous function of the General Fund to five separate functions. This caused the expenditures in all five functions to exceed the adopted budget, as follows:

- Personnel Costs function of the General Fund expended \$1,915,661 during the fiscal year.
- Counsel and Jury Costs function of the General Fund expended \$105,484 during the fiscal year.
- Economic Development function of the General Fund expended \$39,555 during the fiscal year.
- District Probation Office function of the General Fund expended \$41,963 during the fiscal year.
- Highway Department function of the General Fund expended \$123,040 during the fiscal year.

Neb. Rev. Stat. § 23-916 (Reissue 2012) states, in relevant part, the following:

After the adoption of the county budget, no officer, department or other expending agency shall expend or contract to be expended any money, or incur any liability, or enter into any contract which, by its terms, involves the expenditure of money not provided for in the budget, or which involves the expenditure of any money for any of the purposes for which provision is made in the budget in excess of the amounts provided in said budget for such office, department or other expending agency, or purpose, for such fiscal year.

When expenditures are made in excess of amounts budgeted, with no appropriation adjustments by the County Board to address those excesses, the County is not in compliance with State statute.

We recommend the County Clerk implement procedures to ensure all expenditures are coded to functions approved in the adopted budget.

COUNTY REGISTER OF DEEDS

Register of Deeds Reconciliation Procedures

During our audit, we noted that a complete and accurate reconciliation of the County Register of Deeds' bank account was not completed. While completing our own reconciliation of that account, the auditors noted the following:

- Three separate receipting discrepancies recorded prior to July 2018 resulted in a shortage in the book balance of \$613.
- Twenty separate receipting discrepancies recorded during the fiscal year resulted in a shortage in the book balance of \$251.
- Six separate instances of disbursements not being recorded during the fiscal year resulted in an overage in the book balance of \$38,150.

Sound accounting practices and good internal controls require procedures to ensure that office records reconcile with bank activity on at least a monthly basis. Reconciliation procedures should include the timely identification and resolution of all variances noted.

Without such procedures, the County is susceptible to intentional and/or unintentional errors or irregularities, which increases the risk of loss, theft, or misuse of public funds.

We recommend the County Clerk implement procedures to ensure timely, complete, and accurate bank reconciliations are performed at least monthly, and any discrepancies identified are resolved timely.

County's Response: The Register of Deeds worksheet has been corrected and is balanced with the checkbook.

COUNTY CLERK OF THE DISTRICT COURT

Fines Credited to the General Fund

Fines, totaling \$9,917, were collected by the District Court throughout the fiscal year; however, this balance was credited to the County General Fund, not to the Fines and Licenses Fund. Because they were credited to the incorrect fund, the fines were not subsequently remitted to the County School Fund, as required by State statute.

Neb. Rev. Stat. § 29-2708 (Reissue 2016), states, in relevant part, "All money arising from fines and recognizances shall be credited by the county treasurer to the county school fund except as provided by Article VII, section 5, Constitution of Nebraska"

A good internal control plan requires procedures to ensure that fines are credited to the Fines and Licenses Fund, for subsequent remittance to the County School Fund. Those same procedures should ensure also that corrections are made for any monies that were credited to the wrong fund.

Without such procedures, there is an increased risk of not only fines being credited to the wrong fund, preventing them from being subsequently remitted to the County School Fund, but also noncompliance with State statute, increasing the risk for loss or misuse of funds as well.

We recommend the Clerk of the District Court implement procedures to ensure that fines are properly credited to the Fines and Licenses Fund, for subsequent remittance to the County School Fund.

Case Balances

During a review of the District Court's trust balances, we noted for three case balances held, totaling \$259, and one non-case receipt, totaling \$100, timely action was not taken by the District Court to resolve the balances, as follows:

- For two case balances held, totaling \$225, the cases had been previously mandated in 2017 and 2018; however, the balances were still held during audit fieldwork in July 2019.
- For one case balance held, totaling \$34, the case had been previously dismissed in November 2018; however, the balance was still held during audit fieldwork in July 2019.
- For one non-case receipt tested, totaling \$100, a rebate was received in October 2007, but it was still held as of July 2019.

Good internal controls and sound business practices require trust case balances of the District Court to be reviewed on an ongoing, timely basis to determine what action should be taken to collect, remit, or otherwise resolve those balances.

Without a regular, detailed review of the monthly financial reports, there is an increased risk that balances may either not have proper follow-up action taken timely, or have been previously resolved and should no longer be reflected as a balance in the accounting system.

We recommend the District Court implement an ongoing, timely review of the monthly financial reports, including the Case Balance Reports, to ensure the timely collection and/or resolution of the balances listed therein.

COUNTY SHERIFF

Fees Remittance

During the audit, we noted the following in relation to fees collected:

- Fees earned by the County Sheriff were not remitted to the County Treasurer as required by Neb. Rev. Stat. § 33-117(3) (Reissue 2016).
- Fees for services provided to the County Attorney and District Court, totaling \$1,663, were not claimed or remitted to the County Treasurer.
- As of June 30, 2019, sales taxes collected, totaling \$955, had not been remitted to the County Treasurer for inclusion in the payment to the State of Nebraska. Records indicated \$944 of this balance had been received prior to July 1, 2018; however, an actual date of receipt could not be determined.
- As of June 30, 2019, commissions on commissary items throughout the year, totaling \$7,365, had not been remitted to the County Treasurer. Records indicated \$4,731 of this balance had been received prior to July 1, 2018; however, an actual date of receipt could not be determined.

Section 33-117(3), as referenced above, states the following:

The sheriff shall, on the first Tuesday in January, April, July, and October of each year, make a report to the county board showing (a) the different items of fees, except mileage, collected or earned, from who, at what time, and for what service, (b) the total amount of the fees collected or earned by the officer since the last report, and (c) the amount collected or earned for the current year. He or she shall pay all fees earned to the county treasurer who shall credit the fees to the general fund of the county.

Neb. Rev. Stat. § 23-1601(1) (Reissue 2012) requires all money received by the County, from whatever source, to be deposited with the County Treasurer and paid out only on warrants issued by the County Board.

When money received by the County, including fees earned by the County Sheriff, are not remitted to the County Treasurer, there is an increased risk of loss or misuse of funds and noncompliance with State statute.

We recommend the County Sheriff implement procedures to ensure all fees collected or earned are handled in accordance with State statute.

Accounting Procedures

During the audit, we noted the following issues with the County Sheriff's accounting procedures at June 30, 2019:

- For four of five bank accounts maintained by the County Sheriff, a book balance and list of outstanding checks was not maintained.
- Accurate monthly bank reconciliations were not performed for all five bank accounts maintained by the County Sheriff. When attempting a bank reconciliation, we noted a \$185 unknown long in the one bank account for which a book balance was maintained.
- A monthly asset-to-liability reconciliation was not performed, resulting in longs in three of the County Sheriff's bank accounts of \$6,038, \$2,204, and \$5,011.
- During a surprise cash count in July 2019, we noted 21 checks received by the County Sheriff, totaling \$1,077, that were not restrictively endorsed.

Sound accounting practices and good internal controls require procedures to ensure adequate reconciliation and balancing methods are utilized, including procedures to ensure office assets (cash on hand, reconciled bank balance, accounts receivable, etc.) are in agreement with office liabilities (fee and trust accounts) on at least a monthly basis. Such procedures should also include the timely identification and resolution of all variances noted and the maintenance of proper documentation to support correct balances. Further, good internal controls require procedures to ensure all checks received are properly endorsed as soon as the funds are collected.

A lack of such procedures increases the risk of loss, theft, or misuse of County funds and allows errors to go undetected more easily.

We recommend the County Sheriff implement monthly fund-balancing procedures to ensure the performance of regular bank and asset-to-liability reconciliations. We further recommend the County Sheriff review all funds held and remit excess funds to the appropriate parties. We also recommend the County Sheriff restrictively endorse all checks immediately when received.

Sheriff Petty Cash Procedures

During our audit, we noted the following:

- Petty cash in the amount of \$250 is maintained in the Sheriff's office; however, the petty cash is not reconciled to the authorized amount. As of June 30, 2019, a shortage of \$7 was noted.
- As of June 30, 2019, the County Sheriff was using one bank account as an unauthorized petty cash fund without County Board approval. We noted \$647 in postage and training purchases during the fiscal year. Of this amount, \$387 has not been reimbursed by the County.

Neb. Rev. Stat. § 23-106(2) (Reissue 2012) states the following:

The county board shall have the authority to establish a petty cash fund for such county for the purpose of making payments for subsidiary general operational expenditures and purchases. Such county board shall set, by resolution of the board, the amount of money to be carried in such petty cash fund and the dollar limit of an expenditure from such fund and such amount shall be stated in the fiscal policy of the county board budget message.

Additionally, good internal controls and sound accounting practices require procedures to ensure periodic reconciliation and balancing methods are used to ensure the petty cash is maintained at the authorized amount. Without such procedures, the County is not in compliance with State statute and is exposed to an increased risk of loss, theft, or misuse of County funds.

We recommend the County Sheriff implement procedures to ensure all petty cash funds held are authorized by the County Board and reflected in the fiscal policy of the County Board's budget message. Further, we recommend the County Sheriff implement procedures to ensure a periodic reconciliation to the authorized amount is completed.

COUNTY TREASURER

5% Gross In Lieu Distribution

During testing, we noted that two of three 5% gross in-lieu distributions tested were not calculated correctly. The errors were due to the exclusion of additional school district funds and the inclusion of the O'Neill Airport Authority. The table below shows the variances noted:

Fund	Auditor's Distributions	Treasurer's Distributions	Variance
County General	\$ 42,099	\$ 45,844	\$ 3,745
O'Neill School District General	\$ 114,299	\$ 105,747	\$ (8,552)
O'Neill School District Building	\$ 22,545	\$ 20,859	\$ (1,686)
Ewing School District General	\$ 3,696	\$ -	\$ (3,696)
Ewing School District Sinking	\$ 133	\$ -	\$ (133)
NE Unified School District General	\$ 3,392	\$ -	\$ (3,392)
NE Unified School District Building	\$ 106	\$ -	\$ (106)
City of O'Neill General	\$ 57,919	\$ 56,099	\$ (1,820)
City of O'Neill Various Purposes	\$ 15,534	\$ 15,046	\$ (488)
O'Neill Airport Authority	\$ -	\$ 7,677	\$ 7,677
Village of Emmet	\$ 966	\$ 2,043	\$ 1,077
Village of Inman	\$ 720	\$ 3,357	\$ 2,637
Village of Page	\$ 1,615	\$ 6,352	\$ 4,737
Totals	\$ 263,024	\$ 263,024	\$ -

Neb. Rev. Stat. § 70-651.04 (Reissue 2018) states the following:

All payments which are based on retail revenue from each incorporated city or village shall be divided and distributed by the county treasurer to that city or village, to the school districts located in that city or village, to any learning community located in that city or village for payments distributed prior to September 1, 2017, and to the county in which may be located any such incorporated city or village in the proportion that their respective property tax levies in the preceding year bore to the total of such levies, except that the only learning community levies to be included are the common levies for which the proceeds are distributed to member school districts pursuant to section 79-1073.

Sound business practices and good internal controls require procedures to ensure that gross in-lieu distributions are calculated correctly. Those same procedures should ensure also that corrections are made for any erroneous distributions.

Without such procedures, there is an increased risk that political subdivisions will not receive the appropriate amount of funding, increasing the risk for loss or misuse of funds as well.

We recommend the County Treasurer implement procedures to ensure that gross in-lieu distributions are calculated correctly, and corrections are made for any erroneous distributions.

Property Tax Distribution

During testing, we noted that the 2018 distribution of property taxes was not calculated correctly for two subdivisions due to the inclusion of the O'Neill Airport Authority as a sub-fund of the City of O'Neill. For the April 2018, property tax collections, the City of O'Neill was underpaid by \$705, which was paid to the O'Neill Airport Authority.

Neb. Rev. Stat. § 23-1601(4)(a) (Reissue 2012) states, in relevant part, the following:

On or before the fifteenth day of each month, the county treasurer (i) shall pay to each city, village, school district, educational service unit, county agricultural society, and rural or suburban fire protection district located within the county the amount of all funds collected or received for the city, village, school district, educational service unit, county agricultural society, and rural or suburban fire protection district the previous calendar month

When property tax distributions are not calculated correctly, political subdivisions do not receive the appropriate amount of funding, increasing the risk for the loss or misuse of funds.

We recommend the County Treasurer correct the erroneous distributions. Additionally, we recommend the County Treasurer implement procedures to ensure future property tax distributions are calculated correctly.

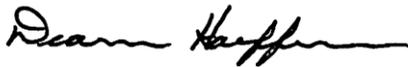
* * * * *

It should be noted this report is critical in nature, as it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any strong features of the County.

Draft copies of this report were furnished to the County to provide management with an opportunity to review the report and to respond to the comments and recommendations included in this report. All formal responses received have been incorporated into this report. Where no response has been included, the County declined to respond. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next audit.

This report is intended solely for the information and use of the County, the appropriate Federal and regulatory agencies, and citizens of the State of Nebraska, and it is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Sincerely,



Deann Haeffner, CPA
Assistant Deputy Auditor