

**AUDIT REPORT
OF
HOLT COUNTY**

JULY 1, 2020, THROUGH JUNE 30, 2021

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the Auditor of Public Accounts.**

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Issued on October 15, 2021

HOLT COUNTY

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

LIST OF COUNTY OFFICIALS
At June 30, 2021

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Supervisors	William Tielke	Jan. 2023
	Doug Frahm	Jan. 2023
	Scott Keyes	Jan. 2025
	Dustin Breiner	Jan. 2025
	Darrin Paxton	Jan. 2025
	Donald Butterfield	Jan. 2023
	Josh Treptow	Jan. 2023
Assessor	Tim Wallinger	Jan. 2023
Attorney	Brent Kelly	Jan. 2023
Clerk	Cathy Pavel	Jan. 2023
Election Commissioner		
Register of Deeds		
Clerk of the District Court	Junior Young	Jan. 2023
Public Defender	Rod Smith	Jan. 2023
Sheriff	Ben Matchett	Jan. 2023
Treasurer	Shelly Ross	Jan. 2023
Surveyor	Steven Rasmussen	Appointed
Veterans' Service Officer	Ken Stenka	Appointed
Weed Superintendent	Bill Babutzke	Appointed
Highway Superintendent	Gary Connot	Appointed
Planning & Zoning	Mike Durre	Appointed
Emergency Manager	Deb Hilker	Appointed



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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, 2021, 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, 2021, 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 18-33, 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 October 4, 2021, 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.



Mark Avery, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

October 4, 2021

HOLT COUNTY
STATEMENT OF NET POSITION - CASH BASIS
June 30, 2021

	Governmental Activities
	<hr/>
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 6,542,513
TOTAL ASSETS	<hr/> \$ 6,542,513 <hr/>
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 90,729
Emergency Management	20
Law Enforcement	89,086
Preservation of Records	32,269
Debt Service	98,583
Road Maintenance	353,358
Aid and Assistance	31,405
Coronavirus Relief & Assistance	977,699
Unrestricted	4,869,364
TOTAL NET POSITION	<hr/> \$ 6,542,513 <hr/>

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, 2021

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	\$ (4,205,541)	\$ 577,949	\$ 1,145,867	\$ (2,481,725)
Public Safety	(1,065,828)	42,351	83,134	(940,343)
Public Works	(13,494,822)	54,735	5,035,012	(8,405,075)
Public Assistance	(84,455)	-	-	(84,455)
Culture and Recreation	(141,651)	-	-	(141,651)
Debt Payments	(1,182,660)	-	-	(1,182,660)
Total Governmental Activities	<u>\$ (20,174,957)</u>	<u>\$ 675,035</u>	<u>\$ 6,264,013</u>	<u>(13,235,909)</u>

General Receipts:

Property Taxes	11,136,160
Grants and Contributions Not Restricted to Specific Programs	1,881,166
Investment Income	23,608
Licenses and Permits	67,418
Miscellaneous	297,000
Total General Receipts	<u>13,405,352</u>

Increase in Net Position	169,443
Net Position - Beginning of year	6,373,070
Net Position - End of year	<u>\$ 6,542,513</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, 2021

	<u>General Fund</u>	<u>Road Fund</u>	<u>Inheritance Fund</u>	<u>Construction Asphalt Fund</u>	<u>COVID American Rescue Plan Act Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and Cash Equivalents (Note 1.D)	\$ 2,606,861	\$ 164,955	\$1,541,769	\$ 459,628	\$ 977,699	\$ 791,601	\$ 6,542,513
TOTAL ASSETS	<u>\$ 2,606,861</u>	<u>\$ 164,955</u>	<u>\$1,541,769</u>	<u>\$ 459,628</u>	<u>\$ 977,699</u>	<u>\$ 791,601</u>	<u>\$ 6,542,513</u>
FUND BALANCES							
Restricted for:							
Visitor Promotion	-	-	-	-	-	90,729	90,729
Emergency Management	-	-	-	-	-	20	20
Law Enforcement	-	-	-	-	-	89,086	89,086
Preservation of Records	-	-	-	-	-	32,269	32,269
Debt Service	-	-	-	-	-	98,583	98,583
Road Maintenance	-	-	-	-	-	353,358	353,358
Aid and Assistance	-	-	-	-	-	31,405	31,405
Coronavirus Relief & Assistance	-	-	-	-	977,699	-	977,699
Committed to:							
Law Enforcement	-	-	-	-	-	10,148	10,148
Road Maintenance	-	164,955	-	459,628	-	7,481	632,064
Road Equipment	-	-	-	-	-	78,522	78,522
Assigned to:							
Other Purposes	-	-	1,541,769	-	-	-	1,541,769
Unassigned	2,606,861	-	-	-	-	-	2,606,861
TOTAL CASH BASIS FUND BALANCES	<u>\$ 2,606,861</u>	<u>\$ 164,955</u>	<u>\$1,541,769</u>	<u>\$ 459,628</u>	<u>\$ 977,699</u>	<u>\$ 791,601</u>	<u>\$ 6,542,513</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, 2021

	General Fund	Road Fund	Inheritance Fund	Construction Asphalt Fund	COVID American Rescue Plan Act Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS							
Property Taxes	\$8,841,800	\$ 10,411	\$ 1,407,617	\$ 513	\$ -	\$ 875,819	\$ 11,136,160
Licenses and Permits	66,218	1,200	-	-	-	-	67,418
Investment Income	23,383	-	-	-	-	225	23,608
Intergovernmental	1,909,758	4,666,085	-	-	977,699	591,637	8,145,179
Charges for Services	594,872	54,735	-	-	-	25,428	675,035
Miscellaneous	13,230	283,770	-	-	-	-	297,000
TOTAL RECEIPTS	11,449,261	5,016,201	1,407,617	513	977,699	1,493,109	20,344,400
DISBURSEMENTS							
General Government	4,204,089	-	1,452	-	-	-	4,205,541
Public Safety	1,027,170	-	-	-	-	38,658	1,065,828
Public Works	310,702	9,656,703	-	2,640,230	-	887,187	13,494,822
Public Assistance	84,455	-	-	-	-	-	84,455
Culture and Recreation	-	-	-	-	-	141,651	141,651
Debt Service:							
Principal Payments	-	-	-	-	-	1,100,000	1,100,000
Interest and Fiscal Charges	-	-	-	-	-	82,660	82,660
TOTAL DISBURSEMENTS	5,626,416	9,656,703	1,452	2,640,230	-	2,250,156	20,174,957
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	5,822,845	(4,640,502)	1,406,165	(2,639,717)	977,699	(757,047)	169,443
OTHER FINANCING SOURCES (USES)							
Transfers in	1,017,926	4,680,000	-	2,800,000	-	-	8,497,926
Transfers out	(7,480,000)	-	(1,000,000)	-	-	(17,926)	(8,497,926)
TOTAL OTHER FINANCING SOURCES (USES)	(6,462,074)	4,680,000	(1,000,000)	2,800,000	-	(17,926)	-
Net Change in Fund Balances	(639,229)	39,498	406,165	160,283	977,699	(774,973)	169,443
CASH BASIS FUND BALANCES - BEGINNING	3,246,090	125,457	1,135,604	299,345	-	1,566,574	6,373,070
CASH BASIS FUND BALANCES - ENDING	\$2,606,861	\$ 164,955	\$ 1,541,769	\$ 459,628	\$ 977,699	\$ 791,601	\$ 6,542,513

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**
FIDUCIARY FUNDS
For the Year Ended June 30, 2021

	Custodial Fund Balances July 1, 2020 (as restated)	Receipts	Disbursements	Custodial Fund Balances June 30, 2021
ASSETS				
Cash and Cash Equivalents	\$ 1,678,760	\$ 40,070,714	\$ 40,472,390	\$ 1,277,084
LIABILITIES				
Due to other governments				
State - Collected by County Treasurer	384,170	3,539,157	3,615,932	307,395
State - Collected by Other Offices	11,396	272,053	266,062	17,387
Schools	423,440	27,036,251	27,107,293	352,398
Educational Service Units	5,460	447,889	449,003	4,346
Technical College	39,140	3,172,764	3,181,273	30,631
Natural Resource Districts	223,999	1,050,479	1,239,306	35,172
Fire Districts	5,525	524,338	524,863	5,000
Municipalities	47,614	2,266,312	2,275,944	37,982
Agricultural Society	637	61,230	61,225	642
Reclamation Districts	1,458	-	-	1,458
Townships	475,532	788,429	813,282	450,679
Airport Authorities	1,756	90,627	90,887	1,496
Others - Collected by County Treasurer	779	381,575	381,463	891
Others - Collected by Other Offices	57,854	439,610	465,857	31,607
TOTAL LIABILITIES	<u>1,678,760</u>	<u>40,070,714</u>	<u>40,472,390</u>	<u>1,277,084</u>
TOTAL NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2021

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 \$59,045 toward the operation of the Region during fiscal year 2021. 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.

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).

HOLT COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

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 towards the operation of the Department during fiscal year 2021. 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) (2021 Neb. Laws, LB 528, § 51). 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 \$103,440 toward the operation of the Center during fiscal year 2021. 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) (2021 Neb. Laws, LB 528, § 51). An audit waiver was requested for fiscal year 2020; 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 \$27,537 toward the operation of the Agency during fiscal year 2021. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement.

1. **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 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.

HOLT COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

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.

Construction Asphalt Fund. This fund is used to account for costs associated with the repair and maintenance of roads and is primarily funded by transfers from the General Fund.

COVID American Rescue Plan Act Fund. This fund is used to account for aid received from the American Rescue Plan Act and will be used for coronavirus aid and assistance in accordance with Federal guidelines.

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.

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

Debt Service Fund. The Other Debt Service Fund accounts for the resources for, and the payment of, general long-term debt principal, interest, and related costs.

HOLT COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

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 claims, and judgments are recorded only when payment is due.

D. **Assets and Net Position**

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

HOLT COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 \$1,673,149 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.

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, 2021, disbursements exceeded budgeted appropriations in the Other Debt Service Fund by \$400. These over-expenditures were funded by greater than anticipated receipts in the case of the Other Debt Service 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).

HOLT COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

2. **Deposits and Investments** (Concluded)

At year end, the County's carrying amount of deposits was \$6,542,513 for County funds and \$1,277,084 for Fiduciary funds. The bank balances for all funds totaled \$8,115,307. The County did not have sufficient collateral securities to protect deposits at all times during the fiscal year.

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.

The levy set in October 2020, for the 2020 taxes, which will be materially collected in May and September 2021, was set at \$.318512/\$100 of assessed valuation. The levy set in October 2019, for the 2019 taxes, which were materially collected in May and September 2020, was set at \$.280720/\$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. 2020) 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.

HOLT COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

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, 2021, 103 employees contributed \$168,840, and the County contributed \$251,625. Contributions included \$3,270 in cash contributions towards the supplemental law enforcement plan for seven law enforcement employees. Lastly, the County paid \$1,108 directly to 12 retired employees for prior service benefits.

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, 2021.

6. **Interfund Transfers**

Interfund transfers for the year ended June 30, 2021, consisted of the following:

Transfers to	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
General Fund	\$ -	\$ 1,000,000	\$ 17,926	\$ 1,017,926
Road Fund	4,680,000	-	-	4,680,000
Construction Asphalt Fund	2,800,000	-	-	2,800,000
Nonmajor Funds	-	-	-	-
Total	\$ 7,480,000	\$ 1,000,000	\$ 17,926	\$ 8,497,926

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 fiscal year ended June 30, 2021, the County made a one-time transfer of \$17,926 from the Juvenile Justice Grant HHS Fund to the General Fund to reimburse an expense originally paid out of the General Fund.

7. **Long-Term Obligations**

Lease Purchase Agreements

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

HOLT COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

7. **Long-Term Obligations** (Continued)

	County Vehicles	County Motorgraders	Total
Balance July 1, 2020	\$ 65,956	\$ -	\$ 65,956
Purchases	-	651,360	651,360
Payments	39,403	-	39,403
Balance June 30, 2021	<u>\$ 26,553</u>	<u>\$ 651,360</u>	<u>\$ 677,913</u>
Future Payments:			
Year			
2022	\$ 14,555	\$ 229,522	\$ 244,077
2023	13,183	229,522	242,705
2024	-	229,522	229,522
Total Payments	<u>27,738</u>	<u>688,566</u>	<u>716,304</u>
Less Interest	<u>1,185</u>	<u>37,206</u>	<u>38,391</u>
Present Value of Future Minimum Lease Payments	<u>\$ 26,553</u>	<u>\$ 651,360</u>	<u>\$ 677,913</u>
Carrying Value of the Related Fixed Asset	<u>\$ 79,220</u>	<u>\$ 651,360</u>	<u>\$ 730,580</u>

Bonds

Limited Tax County Road Bond Series 2019A. 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, 2021, was \$2,450,000. 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
2022	\$ 800,000	\$ 48,210	\$ 848,210
2023	815,000	33,010	848,010
2024	835,000	17,118	852,118
Total Payments	<u>\$ 2,450,000</u>	<u>\$ 98,338</u>	<u>\$ 2,548,338</u>

Limited Tax County Road Bond Series 2019B. The County issued bonds on December 26, 2019, in the amount of \$1,520,000 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, 2021, was \$965,000. 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 Federal reimbursements will be used to pay off the bonds.

HOLT COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

7. **Long-Term Obligations** (Concluded)

Future Payments:

Year	Principal	Interest	Total
2022	320,000	14,960	334,960
2023	320,000	10,160	330,160
2024	325,000	5,200	330,200
Total Payments	<u>\$ 965,000</u>	<u>\$ 30,320</u>	<u>\$ 995,320</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. **Noxious Weed Board**

The County has a separately elected Noxious Weed Board (Weed Board). The Weed Board has the authority to set rates and approve bids for the activity of the County's Noxious Weed Department.

10. **Prior Period Adjustment**

The beginning balances were increased by \$69,250 on the Fiduciary Fund Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances from the balances reported in the County's fiscal year 2020 financial statements. These adjustments were made to report the monies held by county officials other than the County Treasurer.

HOLT COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 9,687,818	\$ 9,687,818	\$ 8,841,800	\$ (846,018)
Licenses and Permits	46,477	46,477	66,218	19,741
Interest	120,000	120,000	23,383	(96,617)
Intergovernmental	533,442	533,442	1,909,758	1,376,316
Charges for Services	660,640	660,640	594,872	(65,768)
Miscellaneous	10,000	10,000	13,230	3,230
TOTAL RECEIPTS	11,058,377	11,058,377	11,449,261	390,884
DISBURSEMENTS				
General Government:				
County Board	142,000	142,000	135,968	6,032
County Clerk	205,340	205,340	196,890	8,450
County Treasurer	263,300	263,300	229,594	33,706
County Assessor	330,235	330,235	297,666	32,569
Election Commissioner	47,250	47,250	26,489	20,761
Building and Zoning	11,950	11,950	7,919	4,031
Personnel Costs	2,556,500	1,751,409	1,749,716	1,693
Clerk of the District Court	130,500	130,500	115,061	15,439
County Court System	20,000	20,000	9,537	10,463
District Judge	13,300	15,313	15,313	-
Public Defender	109,510	109,510	100,959	8,551
Building and Grounds	624,600	624,600	225,423	399,177
Juvenile Court	97,800	97,800	57,471	40,329
Agricultural Extension Agent	112,450	112,450	104,799	7,651
Counsel & Jury Costs	129,900	129,900	51,704	78,196
Economic Development	29,037	29,037	28,757	280
Miscellaneous	1,264,862	2,066,900	850,823	1,216,077
Public Safety				
County Sheriff	507,246	507,246	477,799	29,447
County Attorney	206,950	206,950	189,656	17,294
Communication Center	-	-	-	-
County Jail	312,920	312,920	286,054	26,866
Emergency Management	33,610	33,610	27,509	6,101
District Probation Office	57,500	57,500	46,152	11,348
Public Works				
County Surveyor	30,680	30,680	23,136	7,544
Noxious Weed Control	144,262	144,262	132,526	11,736
Highway Department	154,000	155,040	155,040	-
Public Assistance				
Veterans' Service Officer	97,402	97,402	84,455	12,947
TOTAL DISBURSEMENTS	7,633,104	7,633,104	5,626,416	2,006,688

HOLT COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>3,425,273</u>	<u>3,425,273</u>	<u>5,822,845</u>	<u>2,397,572</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,100,000	1,100,000	1,017,926	(82,074)
Transfers out	<u>(6,863,923)</u>	<u>(6,863,923)</u>	<u>(7,480,000)</u>	<u>(616,077)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,763,923)</u>	<u>(5,763,923)</u>	<u>(6,462,074)</u>	<u>(698,151)</u>
Net Change in Fund Balance	(2,338,650)	(2,338,650)	(639,229)	1,699,421
FUND BALANCE - BEGINNING	<u>2,938,650</u>	<u>2,938,650</u>	<u>3,246,090</u>	<u>307,440</u>
FUND BALANCE - ENDING	<u><u>\$ 600,000</u></u>	<u><u>\$ 600,000</u></u>	<u><u>\$ 2,606,861</u></u>	<u><u>\$ 2,006,861</u></u>

(Concluded)

HOLT COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Taxes	\$ -	\$ -	\$ 10,411	\$ 10,411
Licenses and Permits	1,000	1,000	1,200	200
Intergovernmental	5,986,450	5,986,450	4,666,085	(1,320,365)
Charges for Services	41,400	41,400	54,735	13,335
Miscellaneous	1,723,925	1,723,925	283,770	(1,440,155)
TOTAL RECEIPTS	7,752,775	7,752,775	5,016,201	(2,736,574)
 DISBURSEMENTS	 11,741,500	 11,741,500	 9,656,703	 2,084,797
 EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	 (3,988,725)	 (3,988,725)	 (4,640,502)	 (651,777)
 OTHER FINANCING SOURCES (USES)				
Transfers in	3,863,268	3,863,268	4,680,000	816,732
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	3,863,268	3,863,268	4,680,000	816,732
 Net Change in Fund Balance	 (125,457)	 (125,457)	 39,498	 164,955
FUND BALANCE - BEGINNING	125,457	125,457	125,457	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 164,955</u>	<u>\$ 164,955</u>

INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 250,000	\$ 250,000	\$ 1,407,617	\$ 1,157,617
TOTAL RECEIPTS	250,000	250,000	1,407,617	1,157,617
 DISBURSEMENTS	 285,604	 285,604	 1,452	 284,152
 EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	 (35,604)	 (35,604)	 1,406,165	 1,441,769
 OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(1,100,000)	(1,100,000)	(1,000,000)	100,000
TOTAL OTHER FINANCING SOURCES (USES)	(1,100,000)	(1,100,000)	(1,000,000)	100,000
 Net Change in Fund Balance	 (1,135,604)	 (1,135,604)	 406,165	 1,541,769
FUND BALANCE - BEGINNING	1,135,604	1,135,604	1,135,604	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,541,769</u>	<u>\$ 1,541,769</u>

(Continued)

HOLT COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
CONSTRUCTION ASPHALT FUND				
RECEIPTS				
Taxes	\$ -	\$ -	\$ 513	\$ 513
TOTAL RECEIPTS	-	-	513	513
 DISBURSEMENTS	 3,300,000	 3,300,000	 2,640,230	 659,770
 EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	 (3,300,000)	 (3,300,000)	 (2,639,717)	 660,283
 OTHER FINANCING SOURCES (USES)				
Transfers in	3,000,655	3,000,655	2,800,000	(200,655)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	3,000,655	3,000,655	2,800,000	(200,655)
 Net Change in Fund Balance	 (299,345)	 (299,345)	 160,283	 459,628
FUND BALANCE - BEGINNING	299,345	299,345	299,345	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 459,628	\$ 459,628
 COVID AMERICAN RESCUE PLAN ACT FUND				
RECEIPTS				
Intergovernmental	\$ -	\$ -	\$ 977,699	\$ 977,699
TOTAL RECEIPTS	-	-	977,699	977,699
 DISBURSEMENTS	 -	 -	 -	 -
 EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	 -	 -	 977,699	 977,699
 OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
 Net Change in Fund Balance	 -	 -	 977,699	 977,699
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 977,699	\$ 977,699

(Concluded)

HOLT COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
HIGHWAY ROAD BRIDGE BUYBACK FUND				
Receipts	\$ 371,126	\$ 371,126	\$ 371,126	\$ -
Disbursements	(1,239,045)	(1,239,045)	(885,687)	353,358
Net Change in Fund Balance	(867,919)	(867,919)	(514,561)	353,358
Fund Balance - Beginning	867,919	867,919	867,919	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 353,358</u>	<u>\$ 353,358</u>
INTERLOCAL ROAD FUND				
Receipts	\$ 28,519	\$ 28,519	\$ -	\$ (28,519)
Disbursements	(36,000)	(36,000)	-	36,000
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	(80,022)	(80,022)	(1,500)	78,522
Net Change in Fund Balance	(80,022)	(80,022)	(1,500)	78,522
Fund Balance - Beginning	80,022	80,022	80,022	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,522</u>	<u>\$ 78,522</u>
DATA MASTER FUND				
Receipts	\$ 3,167	\$ 3,167	\$ 715	\$ (2,452)
Disbursements	(5,000)	(5,000)	-	5,000
Net Change in Fund Balance	(1,833)	(1,833)	715	2,548
Fund Balance - Beginning	1,833	1,833	1,833	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,548</u>	<u>\$ 2,548</u>
VISITORS PROMOTION FUND				
Receipts	\$ 45,000	\$ 45,000	\$ 60,697	\$ 15,697
Disbursements	(97,441)	(97,441)	(45,109)	52,332
Net Change in Fund Balance	(52,441)	(52,441)	15,588	68,029
Fund Balance - Beginning	52,441	52,441	50,441	(2,000)
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,029</u>	<u>\$ 66,029</u>

(Continued)

HOLT COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VISITORS IMPROVEMENT FUND				
Receipts	\$ 45,000	\$ 45,000	\$ 60,697	\$ 15,697
Disbursements	(105,545)	(105,545)	(96,542)	9,003
Net Change in Fund Balance	(60,545)	(60,545)	(35,845)	24,700
Fund Balance - Beginning	60,545	60,545	60,545	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,700</u>	<u>\$ 24,700</u>
REGISTER OF DEEDS PRESERVATION AND MODERNIZATION FUND				
Receipts	\$ 10,000	\$ 10,000	\$ 11,801	\$ 1,801
Disbursements	(30,468)	(30,468)	-	30,468
Net Change in Fund Balance	(20,468)	(20,468)	11,801	32,269
Fund Balance - Beginning	20,468	20,468	20,468	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,269</u>	<u>\$ 32,269</u>
VETERANS' AID FUND				
Receipts	\$ 450	\$ 450	\$ 228	\$ (222)
Disbursements	(31,627)	(31,627)	-	31,627
Net Change in Fund Balance	(31,177)	(31,177)	228	31,405
Fund Balance - Beginning	31,177	31,177	31,177	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,405</u>	<u>\$ 31,405</u>
STOP PROGRAM FUND				
Receipts	\$ -	\$ -	\$ 3,350	\$ 3,350
Disbursements	-	-	-	-
Net Change in Fund Balance	-	-	3,350	3,350
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,350</u>	<u>\$ 3,350</u>
LAW ENFORCEMENT GRANTS FUND				
Receipts	\$ 37,091	\$ 37,091	\$ -	\$ (37,091)
Disbursements	(60,000)	(60,000)	-	60,000
Net Change in Fund Balance	(22,909)	(22,909)	-	22,909
Fund Balance - Beginning	22,909	22,909	22,909	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,909</u>	<u>\$ 22,909</u>

(Continued)

HOLT COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
MISCELLANEOUS GRANTS (NEMA) FUND				
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>
JUVENILE JUSTICE GRANT HHS FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(23,669)	(23,669)	-	23,669
Transfers in	-	-	-	-
Transfers out	-	-	(17,926)	(17,926)
Net Change in Fund Balance	(23,669)	(23,669)	(17,926)	5,743
Fund Balance - Beginning	23,669	23,669	23,669	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,743</u>	<u>\$ 5,743</u>
FEDERAL FORFEITURE FUND				
Receipts	\$ -	\$ -	\$ 13,860	\$ 13,860
Disbursements	-	-	-	-
Net Change in Fund Balance	-	-	13,860	13,860
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,860</u>	<u>\$ 13,860</u>
LAW ENFORCEMENT CONTRACT FUND				
Receipts	\$ 33,475	\$ 33,475	\$ 33,475	\$ -
Disbursements	(79,920)	(79,920)	(33,346)	46,574
Net Change in Fund Balance	(46,445)	(46,445)	129	46,574
Fund Balance - Beginning	46,445	46,445	46,445	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,574</u>	<u>\$ 46,574</u>
JAIL COMMISSARY FUND				
Receipts	\$ 13,000	\$ 13,000	\$ 9,562	\$ (3,438)
Disbursements	(13,000)	(13,000)	(5,312)	7,688
Net Change in Fund Balance	-	-	4,250	4,250
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,250</u>	<u>\$ 4,250</u>

HOLT COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
OTHER DEBT SERVICE FUND				
Receipts	\$ 828,615	\$ 828,615	\$ 927,598	\$ 98,983
Disbursements	(1,182,260)	(1,182,260)	(1,182,660)	(400)
Net Change in Fund Balance	(353,645)	(353,645)	(255,062)	98,583
Fund Balance - Beginning	353,645	353,645	353,645	-
Fund Balance - Ending	\$ -	\$ -	\$ 98,583	\$ 98,583

(Concluded)

HOLT COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2021

	Highway Road Bridge Buyback Fund	Interlocal Road Fund	Equipment Reserve Fund	Data Master Fund	Visitors Promotion Fund
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 60,697
Investment Income	-	-	-	-	-
Intergovernmental	371,126	-	-	-	-
Charges for Services	-	-	-	715	-
TOTAL RECEIPTS	<u>371,126</u>	<u>-</u>	<u>-</u>	<u>715</u>	<u>60,697</u>
DISBURSEMENTS					
Public Safety	-	-	-	-	-
Public Works	885,687	-	1,500	-	-
Culture and Recreation	-	-	-	-	45,109
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>885,687</u>	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>45,109</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(514,561)</u>	<u>-</u>	<u>(1,500)</u>	<u>715</u>	<u>15,588</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	(514,561)	-	(1,500)	715	15,588
FUND BALANCES - BEGINNING	<u>867,919</u>	<u>7,481</u>	<u>80,022</u>	<u>1,833</u>	<u>50,441</u>
FUND BALANCES - ENDING	<u>\$ 353,358</u>	<u>\$ 7,481</u>	<u>\$ 78,522</u>	<u>\$ 2,548</u>	<u>\$ 66,029</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	66,029
Emergency Management	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	-	-	-
Debt Service	-	-	-	-	-
Road Maintenance	353,358	-	-	-	-
Aid and Assistance	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	2,548	-
Road Maintenance	-	7,481	-	-	-
Road Equipment	-	-	78,522	-	-
TOTAL FUND BALANCES	<u>\$ 353,358</u>	<u>\$ 7,481</u>	<u>\$ 78,522</u>	<u>\$ 2,548</u>	<u>\$ 66,029</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, 2021

	Visitors Improvement Fund	Register of Deeds Preservation and Modernization Fund	Veterans' Aid Fund	Stop Program Fund
RECEIPTS				
Property Taxes	\$ 60,697	\$ -	\$ 3	\$ -
Investment Income	-	-	225	-
Intergovernmental	-	-	-	-
Charges for Services	-	11,801	-	3,350
TOTAL RECEIPTS	60,697	11,801	228	3,350
DISBURSEMENTS				
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	96,542	-	-	-
Debt Service:				
Principal Payments	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
TOTAL DISBURSEMENTS	96,542	-	-	-
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(35,845)	11,801	228	3,350
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balances	(35,845)	11,801	228	3,350
FUND BALANCES - BEGINNING	60,545	20,468	31,177	-
FUND BALANCES - ENDING	\$ 24,700	\$ 32,269	\$ 31,405	\$ 3,350
FUND BALANCES:				
Restricted for:				
Visitor Promotion	24,700	-	-	-
Emergency Management	-	-	-	-
Law Enforcement	-	-	-	-
Preservation of Records	-	32,269	-	-
Debt Service	-	-	-	-
Road Maintenance	-	-	-	-
Aid and Assistance	-	-	31,405	-
Committed to:				
Law Enforcement	-	-	-	3,350
Road Maintenance	-	-	-	-
Road Equipment	-	-	-	-
TOTAL FUND BALANCES	\$ 24,700	\$ 32,269	\$ 31,405	\$ 3,350

(Continued)

HOLT COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	Law Enforcement Grants Fund	Miscellaneous Grants (NEMA) Fund	Juvenile Justice Grant HHS Fund	Federal Forfeiture Fund
RECEIPTS				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Investment Income	-	-	-	-
Intergovernmental	-	-	-	13,860
Charges for Services	-	-	-	-
TOTAL RECEIPTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,860</u>
DISBURSEMENTS				
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Debt Service:				
Principal Payments	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,860</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(17,926)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(17,926)</u>	<u>-</u>
Net Change in Fund Balances	-	-	(17,926)	13,860
FUND BALANCES - BEGINNING	<u>22,909</u>	<u>20</u>	<u>23,669</u>	<u>-</u>
FUND BALANCES - ENDING	<u><u>\$ 22,909</u></u>	<u><u>\$ 20</u></u>	<u><u>\$ 5,743</u></u>	<u><u>\$ 13,860</u></u>
FUND BALANCES:				
Restricted for:				
Visitor Promotion	-	-	-	-
Emergency Management	-	20	-	-
Law Enforcement	22,909	-	5,743	13,860
Preservation of Records	-	-	-	-
Debt Service	-	-	-	-
Road Maintenance	-	-	-	-
Aid and Assistance	-	-	-	-
Committed to:				
Law Enforcement	-	-	-	-
Road Maintenance	-	-	-	-
Road Equipment	-	-	-	-
TOTAL FUND BALANCES	<u><u>\$ 22,909</u></u>	<u><u>\$ 20</u></u>	<u><u>\$ 5,743</u></u>	<u><u>\$ 13,860</u></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, 2021

	Law Enforcement Contract Fund	Jail Commissary Fund	Other Debt Service Fund	Total Nonmajor Governmental Funds
RECEIPTS				
Property Taxes	\$ -	\$ -	\$ 754,422	\$ 875,819
Investment Income	-	-	-	225
Intergovernmental	33,475	-	173,176	591,637
Charges for Services	-	9,562	-	25,428
TOTAL RECEIPTS	33,475	9,562	927,598	1,493,109
DISBURSEMENTS				
Public Safety	33,346	5,312	-	38,658
Public Works	-	-	-	887,187
Culture and Recreation	-	-	-	141,651
Debt Service:				
Principal Payments	-	-	1,100,000	1,100,000
Interest and Fiscal Charges	-	-	82,660	82,660
TOTAL DISBURSEMENTS	33,346	5,312	1,182,660	2,250,156
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	129	4,250	(255,062)	(757,047)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	(17,926)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	(17,926)
Net Change in Fund Balances	129	4,250	(255,062)	(774,973)
FUND BALANCES - BEGINNING	46,445	-	353,645	1,566,574
FUND BALANCES - ENDING	\$ 46,574	\$ 4,250	\$ 98,583	\$ 791,601
FUND BALANCES:				
Restricted for:				
Visitor Promotion	-	-	-	90,729
Emergency Management	-	-	-	20
Law Enforcement	46,574	-	-	89,086
Preservation of Records	-	-	-	32,269
Debt Service	-	-	98,583	98,583
Road Maintenance	-	-	-	353,358
Aid and Assistance	-	-	-	31,405
Committed to:				
Law Enforcement	-	4,250	-	10,148
Road Maintenance	-	-	-	7,481
Road Equipment	-	-	-	78,522
TOTAL FUND BALANCES	\$ 46,574	\$ 4,250	\$ 98,583	\$ 791,601

(Concluded)

HOLT COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2021

	County Clerk	Register of Deeds	Clerk of the District Court	County Sheriff	County Attorney	Weed Superintendent
BALANCES JULY 1, 2020	\$ 769	\$ 18,776	\$ 60,341	\$ 26,561	\$ 3,469	\$ 125
RECEIPTS						
Property Taxes	-	-	-	19,101	-	-
Licenses and Permits	1,425	-	-	1,730	-	-
Intergovernmental	-	-	-	-	-	-
Charges for Services	10,140	154,557	17,718	30,035	-	68
Miscellaneous	19	-	583	965	2,301	35
State Fees	2,214	245,188	18,523	-	-	-
Other Liabilities	-	-	421,650	17,589	371	-
TOTAL RECEIPTS	13,798	399,745	458,474	69,420	2,672	103
DISBURSEMENTS						
Payments to County Treasurer	11,521	150,838	17,497	68,793	2,000	68
Payments to State Treasurer	2,208	239,344	18,307	75	-	-
Petty Cash	14	-	583	433	1,689	35
Other Liabilities	-	-	447,867	17,618	372	-
TOTAL DISBURSEMENTS	13,743	390,182	484,254	86,919	4,061	103
BALANCES JUNE 30, 2021	\$ 824	\$ 28,339	\$ 34,561	\$ 9,062	\$ 2,080	\$ 125
BALANCES CONSIST OF:						
Due to County Treasurer	\$ 279	\$ 12,562	\$ 2,786	\$ 6,359	\$ 611	\$ -
Petty Cash	300	-	225	1,750	1,000	125
Due to State Treasurer	245	15,777	1,365	-	-	-
Due to Others	-	-	30,185	953	469	-
BALANCES JUNE 30, 2021	\$ 824	\$ 28,339	\$ 34,561	\$ 9,062	\$ 2,080	\$ 125

(Continued)

HOLT COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2021

	Highway Superintendent	Veterans' Service Officer	County Treasurer	County Assessor	North Central Problem- Solving Court	Total
BALANCES JULY 1, 2020	\$ 1,498	\$ 3,303	\$ 200	\$ 150	\$ 30,825	\$ 146,017
RECEIPTS						
Property Taxes	-	-	-	-	-	19,101
Licenses and Permits	-	-	-	-	-	3,155
Intergovernmental	-	-	156	4	2,335	2,495
Charges for Services	40,294	-	-	66	17,979	270,857
Miscellaneous	255,869	576	-	21	-	260,369
State Fees	6,128	-	-	-	-	272,053
Other Liabilities	-	-	-	-	-	439,610
TOTAL RECEIPTS	302,291	576	156	91	20,314	1,267,640
DISBURSEMENTS						
Payments to County Treasurer	297,661	-	-	70	-	548,448
Payments to State Treasurer	6,128	-	-	-	-	266,062
Petty Cash	-	2,700	156	21	10,422	16,053
Other Liabilities	-	-	-	-	-	465,857
TOTAL DISBURSEMENTS	303,789	2,700	156	91	10,422	1,296,420
BALANCES JUNE 30, 2021	\$ -	\$ 1,179	\$ 200	\$ 150	\$ 40,717	\$ 117,237
BALANCES CONSIST OF:						
Due to County Treasurer	\$ -	\$ 1,179	\$ -	\$ -	\$ 40,717	\$ 64,493
Petty Cash	-	-	200	150	-	3,750
Due to State Treasurer	-	-	-	-	-	17,387
Due to Others	-	-	-	-	-	31,607
BALANCES JUNE 30, 2021	\$ -	\$ 1,179	\$ 200	\$ 150	\$ 40,717	\$ 117,237

(Concluded)

HOLT COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2021

Item	2016	2017	2018	2019	2020
Tax Certified by Assessor					
Real Estate	\$ 31,206,258	\$ 34,060,388	\$ 35,667,593	\$ 35,517,914	\$ 35,665,651
Personal and Specials	1,871,463	1,820,860	1,807,498	1,815,088	2,051,498
Total	<u>33,077,721</u>	<u>35,881,248</u>	<u>37,475,091</u>	<u>37,333,002</u>	<u>37,717,149</u>
Corrections					
Additions	18,163	6,677	10,896	22,909	19,440
Deductions	<u>(5,511)</u>	<u>(19,657)</u>	<u>(31,552)</u>	<u>(20,854)</u>	<u>(8,438)</u>
Net Additions/ (Deductions)	<u>12,652</u>	<u>(12,980)</u>	<u>(20,656)</u>	<u>2,055</u>	<u>11,002</u>
Corrected Certified Tax	<u>33,090,373</u>	<u>35,868,268</u>	<u>37,454,435</u>	<u>37,335,057</u>	<u>37,728,151</u>
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2017	20,845,474	-	-	-	-
June 30, 2018	12,212,367	22,879,753	-	-	-
June 30, 2019	21,016	12,957,087	23,521,409	-	-
June 30, 2020	2,710	17,916	13,892,741	23,431,934	-
June 30, 2021	<u>4,076</u>	<u>7,814</u>	<u>31,018</u>	<u>13,885,182</u>	<u>24,265,061</u>
Total Net Collections	<u>33,085,643</u>	<u>35,862,570</u>	<u>37,445,168</u>	<u>37,317,116</u>	<u>24,265,061</u>
Total Uncollected Tax	<u>\$ 4,730</u>	<u>\$ 5,698</u>	<u>\$ 9,267</u>	<u>\$ 17,941</u>	<u>\$ 13,463,090</u>
Percentage Uncollected Tax	<u>0.01%</u>	<u>0.02%</u>	<u>0.02%</u>	<u>0.05%</u>	<u>35.68%</u>

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, 2021

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 (Presidentially Declared Disasters)	97.036	unavailable *	<u>2,631,437</u>
Total U.S. Department of Homeland Security			<u>2,631,437</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Nebraska Department of Health and Human Services			
Child Support Enforcement	93.563	unavailable	<u>75,618</u>
Total U.S. Department of Health and Human Services			<u>75,618</u>
DEPARTMENT OF TRANSPORTATION			
Passed through Nebraska Department of Transportation			
Highway Planning and Construction	20.205	unavailable	<u>11,165</u>
Total U.S. Department of Transportation			<u>11,165</u>
DEPARTMENT OF THE TREASURY			
Passed through Nebraska Military Department			
Coronavirus Relief Fund	21.019	unavailable	<u>93,759</u>
Total U.S. Department of the Treasury			<u>93,759</u>
DEPARTMENT OF AGRICULTURE			
Emergency Watershed Protection Program	10.923	unavailable *	<u>1,309,170</u>
Total U.S. Department of Agriculture			<u>1,309,170</u>
DEPARTMENT OF THE INTERIOR			
Payment in Lieu of Taxes	15.226	unavailable	<u>1,696</u>
Total U.S. Department of the Interior			<u>1,696</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 4,122,845</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, 2021

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, 2021, 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. Holt County has elected to use the 10 percent de minimis indirect cost rate, as allowed under Uniform Guidance, except for the Child Support Enforcement Program.

3. Disaster Grants – Public Assistance (Presidentially Declared Disasters)

After a presidentially declared disaster, FEMA provides Disaster Grants – Public Assistance (Presidentially Declared Disasters) (CFDA 97.036) to reimburse eligible costs associated with the repair, replacement, or restoration of disaster-damaged infrastructure. The Schedule of Expenditures of Federal Awards reports expenditures of \$2,631,437 for this program. Of this amount, \$881,391 was incurred in the fiscal year ending June 30, 2021. The remaining expenditures were incurred in prior years.



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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, 2021, and the related notes to the financial statements, which collectively comprise Holt County's basic financial statements, and have issued our report thereon dated October 4, 2021. 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.

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. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We consider the following deficiency in the County's internal control to be a significant deficiency:

- 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.

County Response: The County has discussed the finding but must consider the cost of adequate segregation of duties when determining the use of tax money.

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 October 4, 2021.

Holt County's Response to Findings

Holt County's response to the findings identified in our audit is described above. Holt County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



Mark Avery, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

October 4, 2021



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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HOLT COUNTY REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE 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, 2021. 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, 2021.

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.



October 4, 2021

Mark Avery, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

HOLT COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

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? _____ Yes X None Reported

Significant deficiencies identified? X Yes _____ No

Noncompliance material to financial statements noted? _____ Yes X None Reported

Federal Awards

Internal control over major programs:

Material weaknesses identified? _____ Yes X None Reported

Significant deficiencies identified? _____ Yes X 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 (Presidentially Declared Disasters): CFDA#97.036**
Emergency Watershed Protection Program: CFDA #10.923

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 # 2021-1

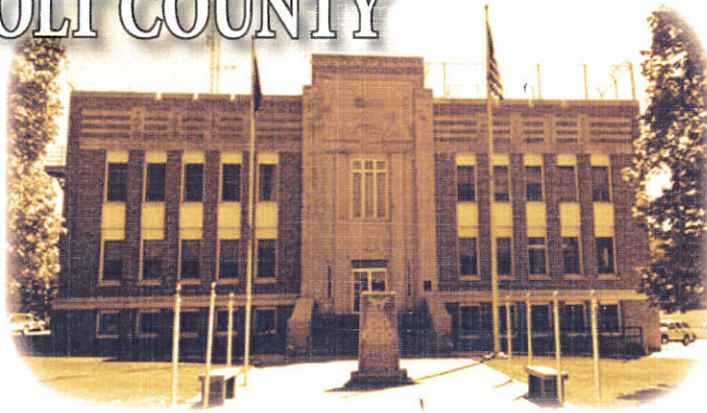
<u>Condition</u> -	There is a lack of segregation of accounting functions among various County offices and personnel. This is a continuing item from the prior year.
<u>Criteria</u> -	Authorization or approval of transactions, recording of transactions, and custody of assets should normally be segregated from each other.
<u>Context</u> -	Various County offices collect money, most of those offices employ one or two individuals. The offices remit the money to the County Treasurer.
<u>Effect</u> -	This lack of segregation of duties results in an inadequate overall internal control structure design.
<u>Cause</u> -	The County does not employ sufficient office personnel to properly segregate accounting functions.
<u>Recommendation</u> -	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.
<u>View of Officials</u> -	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

HOLT COUNTY

OFFICE OF THE
COUNTY CLERK
CATHY PAVEL



Phone: 402-336-1762

P.O. Box 329

204 N. 4th Street

holtclerk.cathy@holtcountyne.org

O'Neill, Nebraska 68763
SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2021

Finding 2020-1 (Since 2019) Segregation of Duties

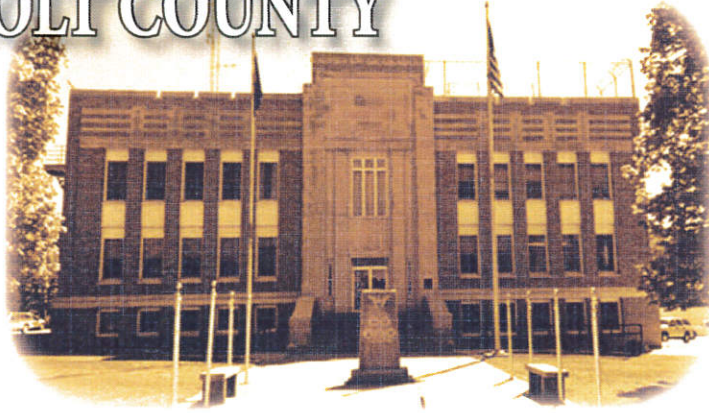
Status: On-going

Reason for Recurrence: The County has discussed the finding but must consider the cost of adequate segregation of duties when determining the use of tax money.

 9-30-2021
William J. Tielke, Holt County Board Chairman

HOLT COUNTY

OFFICE OF THE
COUNTY CLERK
CATHY PAVEL



Phone: 402-336-1762

P.O. Box 329

204 N. 4th Street

holtclerk.cathy@holtcountyne.org

O'Neill, Nebraska 68763
CORRECTIVE ACTION PLAN

Year Ended June 30, 2021

The corrective action plan for the findings included in the Schedule of Findings and Questioned Costs are summarized as follows:

Finding 2021-1 Segregation of Duties

Corrective Action Planned:

The County has discussed the finding but must consider the cost of adequate segregation of duties when determining the use of tax money.

Anticipated Completion Date:

Ongoing

Responsible Party:

County Board

 9-30-2021
William J. Tielke, Holt County Board Chairman



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

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PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
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October 4, 2021

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, 2021, and have issued our report thereon dated October 4, 2021. 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 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. Based on the reconciled bank balance as of June 30, 2021, there was \$611 in excess of the authorized balance of \$1,000 that should be remitted back to the County Treasurer.
- One reimbursement for \$1,500, which is above the authorized petty cash balance, did not have supporting documentation attached to the claim. It appears this claim was not based on actual expenses but rather a petty cash reimbursement to increase the balance.
- There were \$377 in checks written to Torpin's Rodeo Market during the fiscal year 2021. The description on the check register for these checks was for either supplies or office supplies; however, no documentation was on file for these checks. When the reimbursement requests are not for actual expenses or no supporting documentation is on file, the County Board is unable to determine the reasonableness of those funds.
- Four deposits into the petty cash account, totaling \$212, were not reimbursements from the County. The office was unable to provide information regarding the payor of these funds.

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 reconciliations are performed to verify that petty cash is maintained at the amount authorized by the County Board. Those same procedures should ensure also that petty cash claims are supported by adequate documentation, such as itemized receipts.

Without such procedures, there is an increased risk of not only noncompliance with State statute but also loss, theft, or misuse of County funds.

A similar finding was included in the prior year's audit report.

We recommend the County Attorney implement procedures to ensure: (1) all petty cash funds are maintained at the amount authorized by the County Board; (2) petty cash funds are reconciled periodically to the authorized amount; and (3) all petty cash reimbursement requests are supported by adequate documentation.

County Attorney Response: Petty cash is an unfortunate, but necessary part of each county office's budget. Large expenses of the County typically go through a bidding process, and then are paid via the claim process. Once the service or product is provided, the provider must fill out a "claim", which is then filed with the County, waits until the next regularly scheduled supervisors meeting, and then is approved, and eventually payment is issued in the form of a claim.

As you can imagine, there are some smaller expenditures for which this lengthy process would not make sense, or would not be possible. In our office, we have a handful of situations where the claims process is not used, and petty cash or a separate line item must be used. One example is sheriff's fees. We often times have to find and "serve" a criminal defendant or person who is delinquent on child support when that individual lives in another County or another State. In those instances, we hire the Sheriff in that foreign jurisdiction to serve that defendant. We receive a reasonable bill for this, which includes service fees and mileage. Many times, these bills are less than \$50 each, but do to the sheer number of cases, the total amount can climb quickly. Another instance occurs when we need certified documents from a Court in another County or State. An example would be when someone is charged with second offense DUI, we must obtain the court records of that individual's first DUI conviction, so that we can "enhance" the conviction to a second offense. Courts charge a reasonable fee for this, which we pay from petty cash. Postal service is another example. By law, certain things we do must be mailed by regular mail, and some things by certified mail. The post office doesn't wait for the claims process, they expect to be paid before they mail things out.

As to the balance in this account. In your private bank account, it is generally a welcome surprise to find more money in your account than you thought you had. Unfortunately, auditors don't see things that way. We are required by law to maintain a steady balance, in other words, if \$146 goes out, we have to fill the account back up with \$146 to maintain the balance. In this instance, \$611 of funds left the account in the required amount, the account was then refilled with the required \$611 amount, but the refill hit the account prior to the outgoing checks being cashed. So, for a period of time, there appeared to be an excess in the account.

The audit indicates an "unauthorized reimbursement" in the amount of \$1,500. Upon reviewing the records and the budget, I can see that the \$1,500 is for sheriff's fees, as explained above, it was budgeted for, and it was approved by the County Board. It was not unauthorized, it was duly approved and was completely necessary. We have a copy of the approved budget available for public inspection in our office if anyone cares to come see it, you are more than welcome.

Just like any business that has human people working together, and is open to the public, our office has trash cans, a sink, and a bathroom. We do purchase trash bags, hand soap, toilet paper, Kleenex's, and hand sanitizer and other miscellaneous items to maintain a clean and sanitary work environment that is open to the public. We also like to offer our brave men and women in law enforcement, visiting attorneys, and members of the public a cup of coffee or bottle of water when they stop in. The \$377 in checks written to Torpin's Rodeo Market are for those items and are supported by receipts, copies of which were approved by the County Board, and which are available at my office for public review. The audit's claim that these expenses are undocumented is utterly false.

I'm very proud of the job my staff and I do. We consistently come in under budget every year, and every year, we strive to "do more with less." We appreciate the auditor's diligent efforts, and we hope they will pursue the State of Nebraska's \$21,000,000,000.00 (twenty one billion dollars) of errors with the same diligence and vigor as they have the \$611.00 that we had extra in our account.

APA Response: In regard to the County Attorney's statement that the \$611 was received prior to outgoing checks being cashed, no list of outstanding checks or bank reconciliation as of June 30, 2021, were provided for the petty cash account. As a result, the APA attempted to complete a reconciliation based on the records provided. After the APA's reconciliation, \$611 remained in the account that was not explained by a list of outstanding checks as of June 30, 2021.

Furthermore, the County Board's budget message states the County Attorney's authorized petty cash fund is \$1,000. Therefore, a reimbursement of \$1,500 is in excess of the balance authorized to be held by the County Attorney regardless of if the amount was budgeted for or approved as a claim by the County Board.

Lastly, no documentation was on file with the claim documentation for the \$1,500 and \$377 petty cash claims. The County Attorney should ensure the petty cash reimbursements are for actual expenses incurred, documentation is on file with the claim documentation, and the petty cash fund is reconciled to the authorized balance that is set by the County Board and noted in the County Board's budget message.

Accounting Procedures

During the audit, we noted the following issues with the County Attorney's accounting procedures at June 30, 2021:

- Accurate monthly bank reconciliations were not performed for both bank accounts maintained by the County Attorney. A book balance and list of outstanding checks was also not maintained.
- A monthly asset-to-liability reconciliation was not performed as of June 30, 2021, resulting in a long of \$395 in one account. As of audit fieldwork in August 2021, this unknown long was remitted to the County Treasurer.

Subsequent to fiscal year 2021, the County Attorney remitted \$483 to the County Treasurer. This remittance included the unknown long of \$395 noted above; however, it also included \$88 that was due to other individuals and should have been paid to those individuals or to the State Treasurer as unclaimed property.

Neb. Rev. Stat. § 69-1307.01 (Reissue 2018) states the following:

Except as otherwise provided by law, all intangible personal property held for the owner by any court, public corporation, public authority, or public officer of this state, or a political subdivision thereof, that has remained unclaimed by the owner for more than three years is presumed abandoned.

Neb. Rev. Stat. § 69-1310 (2021 Neb. Laws, LB 532, § 4) states, in relevant part, the following:

(a) Every person holding funds or other property, tangible or intangible, presumed abandoned under the Uniform Disposition of Unclaimed Property Act shall report to the State Treasurer with respect to the property as hereinafter provided.

* * * *

(d) The report shall be filed before November 1 of each year as of June 30 next preceding The property must accompany the report unless excused by the State Treasurer for good cause. The State Treasurer may postpone the reporting date upon written request by any person required to file a report.

Additionally, 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.

Without such procedures, there is an increased risk of not only loss, theft, or misuse of County funds, as well as errors being allowed to go undetected more easily, but also noncompliance with State statute.

A similar finding was included in the prior year's audit report.

We recommend the County Attorney implement monthly fund-balancing procedures to ensure the performance of regular bank and asset-to-liability reconciliations. We further recommend the County Attorney review all funds held and remit excess funds to the appropriate parties.

COUNTY BOARD

Health Insurance Petty Cash

At June 30, 2021, an account held by Meritain Health Insurance, a third-party administrator for the County's insurance claims, contained a balance of \$228,219. Meritain Health is the current holder of these funds and is authorized to withdraw money without prior approval of the County Board. This account has not been approved by the County Board as an authorized petty cash fund.

Neb. Rev. Stat. § 23-1601(1) (2021 Neb. Laws, LB 41, § 2) provides 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. § 77-2312 (Reissue 2018) provides, in relevant part, the following:

The county treasurer of each and every county in the State of Nebraska shall deposit, and at all times keep on deposit for safekeeping in the state or national banks, capital stock financial institutions, or qualifying mutual financial institutions doing business in the county of approved and responsible standing, the amount of money in his or her hands collected and held by him or her as county treasurer.

Neb. Rev. Stat. § 23-106(1) (Reissue 2012) states the following:

The county board shall manage the county funds and county business except as otherwise specifically provided.

Subsection (2) of that same statute says 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.

Per the above statutory provisions, County funds are to be held by the County Treasurer in designated financial institutions and managed by the County Board, which may authorize use of a petty cash fund for “subsidiary general operational expenditures and purchases.”

Additionally, the varying amounts of County funds held by Meritain Health are subjective and not based on either claims paid or requirements for maintaining the reserve balance at a specific level. Due to this fluctuation, moreover, the County did not perform reconciliation procedures to ensure that the balance held is accurate.

Good internal controls and sound accounting practices require procedures to ensure that County funds remain in the custody and care of the County Treasurer and under the control of the County Board. Those same procedures should ensure also that periodic reconciliation and balancing methods are used to verify that petty cash funds are maintained at the authorized amount, and the County Board reimburses the account for actual expenses.

Without such procedures, there is an increased risk of not only loss, theft, or misuse of County funds but also noncompliance with State statute.

A similar finding was included in the prior year’s audit report.

We recommend the County Board implement procedures to ensure: (1) all funds held outside of the custody and care of the County Treasurer and the direct management of the County Board are authorized as petty cash funds; (2) any approved petty cash fund is maintained at the authorized amount; (3) a periodic reconciliation to the authorized petty cash amount is performed; and (4) the County Board reimburses the account for actual expenses.

County Response: The Meritain Health Insurance Account is balanced weekly.

APA Response: While the Meritain Health Insurance account balance is tracked separately in a register by the County Clerk, the account has not been approved as an authorized petty cash fund by the County Board, as required by State statute, and is not reconciled to an authorized petty cash balance set by the County Board.

Lack of Supporting Documentation

During testing, we noted four claims for which there was either no supporting documentation or the County lacked procedures to ensure grant funds were spent appropriately. Further details about these claims are provided below.

- The following three claims, totaling \$36,135, were paid from the County’s Visitors Promotion and Improvement funds for various grants; however, the County lacked procedures to follow-up and ensure that the funds were spent appropriately.

Claim Number	Payee	Claim Date	Amount	Grant Purpose
21040200	Laurie Havranek	4/16/21	\$ 10,000	Summerfest Rodeo
21040202	Laurie Havranek	4/16/21	\$ 25,000	Bathroom renovation for rodeo/events
21060235	O'Neill Chamber of Commerce	6/16/21	\$ 1,135	Monthly Allocation of Lodging Taxes
Total			\$ 36,135	

- Holt County pays the Holt County Economic Development Agency 42% of the Agency’s budget; however, the County could not provide documentation to support the amount paid or how the funds were spent. During fiscal year 2021, the County paid \$27,537 to this entity.
- One claim for \$2,200 was paid to the U.S. Postmaster on September 30, 2020, but did not have supporting documentation on file for what was purchased.

Good internal controls require adequate supporting documentation to be maintained for all claims paid by the County. Furthermore, good internal controls and sound business practice require procedures to ensure that all County grant awards are supported by documentation showing how those funds were spent.

Without such procedures, there is an increased risk of loss, theft, or misuse of funds.

A similar finding was included in the prior year's audit report.

We recommend the Board implement policies and procedures to ensure that adequate supporting documentation is kept for all claims paid by the County, and grant awards are supported by documentation that shows whether those funds were spent appropriately.

County Response: The Holt County Economic Development has provided their budget to show expenditures for their department. The Visitors Committee will provide supporting documentation on how grant money was spent after disbursement to grantees.

COUNTY CLERK OF THE DISTRICT COURT

Overdue Case Balance

During our audit, we noted that the District Court was not adequately reviewing and following up with overdue balances on the Overdue Case Balance Report.

During testing of 10 overdue balances, 7 balances, totaling \$6,345, did not have timely subsequent action taken by the District Court, such as issuance of warrants and/or suspensions or the declaration of certain overdue balances as uncollectible, to ensure collection and/or resolution of the balances, as follows:

- For four cases tested with overdue balances, no additional action was taken on the balance due after it was determined that the individuals' addresses on file were no longer valid. One case had no activity since 2010.
- For one case tested with overdue balances, the last payment made by the defendant was on July 1, 2004, and the last activity on the account was on January 11, 2007, when a service return was filed by the District Court. There was no subsequent action noted after this date.
- For two cases tested with overdue balances, the District Court's accounting system, JUSTICE, showed amounts due that were either terminated/waived by the Judge in December 2012, or noted by the Clerk of the District Court as uncollectible. However, no follow-up was completed by the District Court.

As of April 29, 2021, the Overdue Case Balance Report showed a total overdue balances of \$71,357 from cases dating back from 1998. Of these cases, five cases, totaling \$4,197, were flagged for a current suspension, and three cases, totaling \$1,007, were flagged with an outstanding warrant.

Good internal control requires the District Court to implement procedures for an ongoing, detailed review of monthly financial reports, including the Overdue Case Balance Report, to ensure that proper action is taken with regard to the overdue balances listed therein.

Without such procedures, there is increased risk of errors, omissions, and/or irregularities not being detected and resolved in a timely manner.

A similar finding was included in the prior year's audit report.

We recommend the District Court implement procedures to ensure the Overdue Case Balance Report is reviewed on an ongoing, timely basis, and appropriate follow-up action is taken. Potential courses of action for follow-up would include issuance of warrants, a judge's determination and order to waive certain costs, if allowable, or a declaration of certain balances as uncollectible.

County Clerk of the District Court Response: The Overdue Case Balance Report of April 29, 2021 (\$71,357.00) referred to in the audit report is misleading. That report lists balances due for all cases including current cases, cases a couple years old and older cases. Many cases have defendants on probation or the defendants have been given time to pay costs in their sentencing order. Approximately 30 cases involve defendants currently incarcerated at the Nebraska Dept. of Corrections. The sentencing order in most of these cases give the defendant time to pay costs following their release from incarceration. Some are given up to five years from time of release. Balances due in these cases, probation cases and cases where defendants are paying, should not be included in the report amount of \$71,357.00. There is money due in the cases but the amounts shouldn't be included in the report as overdue. The audit report makes it sound like the total amount on the report is from old cases and nothing is being done. We are currently working on writing off costs from old cases and each month several old cases are being brought before the Judge and costs deemed uncollectible.

Petty Cash Procedures

During our audit, we noted the following issues related to the District Court's petty cash procedures:

- A log of expenses and reimbursements was not maintained for the entire fiscal year 2021. During fiscal year 2021, the District Court was reimbursed \$663 for petty cash expenses from the County Board.
- The cash held, totaling \$225, was not recorded in JUSTICE, the District Court's accounting system; therefore, the records do not reflect accurately that balance.

Good internal controls and sound accounting practices require procedures to ensure that petty cash account activity logs are maintained, and all expenses and reimbursements are adequately documented. Additionally, those same procedures should require all balances held by the office to be recorded accurately in the financial records. Without such procedures, there is an increased risk of loss, theft, or misuse of County funds.

A similar finding was included in the prior year's audit report.

We recommend the District Court implement procedures to ensure: 1) petty cash account activity logs are maintained, and all expenses and reimbursements are adequately documented, and 2) all balances held by the office are recorded accurately in the financial records.

County Clerk of the District Court Response: A ledger is currently being kept with all petty cash transactions being recorded.

COUNTY SHERIFF

Accounting Procedures

As of June 30, 2021, we noted the following issues with the County Sheriff's accounting procedures:

- The County Sheriff's Fee Account still held service fees earned by the County Sheriff, totaling \$1,281, from November 2020 and prior. As of audit fieldwork in August 2021, these fees had not been remitted to the County Treasurer as required by Neb. Rev. Stat. § 33-117(3) (Reissue 2016).
- Monthly asset-to-liability reconciliations were not performed, resulting in unknown longs in two of the County Sheriff's bank accounts of \$1,494 (miscellaneous account) and \$234 (fee account) at June 30, 2021. The County Sheriff was unable to determine the recipient(s) of these funds.

- The County Sheriff collected \$240 in fingerprint fees in May 2021; however, these funds had not been remitted to the County Treasurer as of fieldwork in mid-August 2021.

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 whom, 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) (Laws 2021, LB 41, § 2) requires all money received by the County, from whatever source, to be deposited with the County Treasurer.

Good internal controls and sound accounting practices require procedures to ensure adequate reconciliation and balancing methods are utilized, including procedures to verify that 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. Those same procedures should include also the timely identification and resolution of all variances noted and the maintenance of proper documentation to support correct balances. Additionally, those procedures should ensure that money received by the County, including fees earned by the County Sheriff, are remitted to the County Treasurer

Without such procedures, there is an increased risk for not only the loss, theft, or misuse of funds but also noncompliance with State statute.

A similar finding was included in the prior year's audit report.

We recommend the County Sheriff implement monthly fund-balancing procedures to ensure the performance of regular asset-to-liability reconciliations. We further recommend the County Sheriff review all funds held and remit excess funds to the appropriate parties.

County Sheriff Response: Service fees of \$1,281.17 from November 2020 and prior were service fees earned but not collected from service for Holt County. These fees will be billed to Holt County and, once received, remitted to Holt County.

Bank reconciliations are performed on a monthly basis. Excess funds from unknown origins have been held in the Sheriff's Account for over 18 years. Unknown longs are a carryforward from the previous years' audit where the recommended excess funds amount to remit was not sufficient to cover the full amount. The amounts of \$1,493.70 and \$234.59 will be remitted to Holt County immediately.

The Fingerprint Fees collected were remitted to the County Treasurer in August 2021. The Sheriff's Fees are remitted to the County Treasurer on a monthly basis.

COUNTY TREASURER

Fines Remitted to the County General Fund

During the fiscal year ending June 30, 2021, we noted that the County Clerk of the District Court remitted fines, totaling \$1,650, to the County Treasurer, who recorded these fines to the County General Fund, not to the Fines and Licenses Fund. Because they were remitted to the incorrect fund, the fines were not subsequently remitted to the various County School Funds, as required by State statute.

Neb. Rev. Stat. § 29-2708 (Reissue 2016) states, in relevant part, the following:

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

Good internal controls and sound accounting practices require procedures to ensure that fines are remitted to the Fines and Licenses Fund for subsequent remittance to the County School Funds. 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 remitted to the wrong fund, preventing them from being subsequently remitted to the County School Funds, but also noncompliance with State statute, increasing the risk for loss or misuse of funds.

We recommend the County Treasurer implement procedures to ensure that fines are remitted properly to the Fines and Licenses Fund for subsequent remittance to the County School Funds. We further recommend the Clerk of the District Court work with the County Treasurer to correct the previous error noted.

County Treasurer Response: Fines remitted from the Clerk of the District Court were recorded to the County General Fund rather than the Fines and Licenses Fund. A journal entry was made on 8/27/21 correcting this error.

NORTH CENTRAL PROBLEM-SOLVING COURT

Use of Funds, Accounting Procedures, and Documentation

We noted that the County was the account holder of a bank account for North Central Problem-Solving Court (NCPSC). NCPSC is “governed by the Nebraska Supreme Court Committee on Problem-Solving Courts under the direction of the Nebraska Supreme Court,” and includes “programs established for the treatment of problems related to substance use, mental health, individuals reentering the community from incarceration, and domestic violence.” (<https://supremecourt.nebraska.gov/courts/problem-solving-courts>). The NCPSC covers the following counties: Blaine, Brown, Boyd, Cherry, Custer, Garfield, Greeley, Holt, Howard, Keya Paha, Loup, Rock, Sherman, Valley, and Wheeler.

Per an interlocal agreement signed May 16, 2018, between the Court Administrator’s Office and the County, the County will “provide assistance in the collection and disbursement of participant fees for approved operating program expenses such as testing, program materials, and the like, and provide accounting services in respect thereto.” In addition, the agreement states, “The cost of training and travel shall lie with the [Court Administrator’s] Office.”

District 8 Probation Expenses

Until August 2020, the NCPSC appeared to be using the bank account to pay for District 8 Probation costs, which were then reimbursed by the County; however, District 8 Probation does not appear to have the authority to use the NCPSC funds for this purpose, and none of these expenses should be paid through this account. While some of the expenses were reimbursed, any taxes paid were not reimbursed by the County and were still paid by NCPSC funds. During fiscal year 2021, the expenses paid out of the account for District 8 Probation totaled \$3,261.

Accounting Procedures and Documentation

As noted above, the County had taken responsibility for the collection and disbursement of participant fees; however, the County Board did not approve or otherwise supervise any payments out of this account. In fact, most payments out of this account were made through debit card transactions. Additionally, all funds received by NCPSC are receipted by the district courts located in each county, and there is no central system or database to track receipts. Therefore, we were unable to verify the funds deposited into the bank account, totaling \$20,314, during fiscal year 2021, of which \$2,335 came from the County for reimbursement of probation expenses. Lastly, NCPSC could not provide any policies or other documentation to support the appropriate use of the funds from this account. During the fiscal year, NCPSC paid \$10,422 out of this bank account. As of June 30, 2021, the bank balance for this account was \$40,717.

Furthermore, the Auditor of Public Accounts noted one expense, totaling \$13, that did not have documentation on file to support the expense.

Neb. Rev. Stat. § 23-1601(1) (Laws 2021, LB 41, § 2) 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, in relevant part, the following:

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.

Additionally, good internal controls and sound business practices require procedures to ensure the following: 1) written policies are created to govern the use of all funds related to the NCPSC; 2) all County funds are included in the accounting systems used to prepare financial statements, and disbursements of such funds are recorded in the County Treasurer's financials and subject to the County's claim and warrant process; 3) adequate records are maintained to support the balance, receipt, and disbursement of NCPSC funds, and such records are reconciled to the bank balances and activity; and 4) adequate supporting documentation is maintained for all expenditures of County funds.

Without such procedures, there is an increased risk for not only the loss, theft, or misuse of funds but also noncompliance with State statute

A similar finding was included in the prior year's audit report.

We recommend the County work with the Court Administrator's Office to develop written policies and procedures for governing NCPSC funds. We also recommend the implementation of procedures to ensure the following:

- All County funds are included in the accounting systems used to prepare financial statements, and disbursements of such funds are recorded in the County Treasurer's financials and subject to the County's claim and warrant process;
- Adequate records are maintained to support the balance, receipts, and disbursements of NCPSC funds, and such records are reconciled to the bank balances and activity; and
- Adequate supporting documentation is maintained for all expenses of County funds.

COUNTY OVERALL

Segregation of Duties

We noted that 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. This was also noted in prior audits.

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 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.

County Response: The County has discussed the finding but must consider the cost of adequate segregation of duties when determining the use of tax money.

* * * * *

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.

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.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Avery", with a long horizontal flourish extending to the right.

Mark Avery, CPA
Assistant Deputy Auditor