

**AUDIT REPORT
OF
HOLT COUNTY**

JULY 1, 2022, THROUGH JUNE 30, 2023

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Issued on November 21, 2023

HOLT COUNTY

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

LIST OF COUNTY OFFICIALS

At June 30, 2023

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Supervisors	Dustin Breiner	Jan. 2025
	Duane Neiman	Jan. 2027
	Doug Frahm	Jan. 2027
	Scott Keyes	Jan. 2025
	Darrin Paxton	Jan. 2025
	William Tielke	Jan. 2027
	Josh Treptow	Jan. 2027
Assessor	Tim Wallinger	Jan. 2027
Attorney	Brent Kelly	Jan. 2027
Clerk	Cathy Pavel	Jan. 2027
Election Commissioner		
Register of Deeds		
Clerk of the District Court	Junior Young	Jan. 2027
Public Defender	Rod Smith	Jan. 2027
Sheriff	Ben Matchett	Jan. 2027
Treasurer	Shelly Ross	Jan. 2027
Surveyor	Steven Rasmussen	Jan. 2027
Veterans' Service Officer	Ken Stenka	Appointed
Weed Superintendent	Bill Babutzke	Appointed
Highway Superintendent	Gary Connot	Appointed
Planning & Zoning	Roy Swenson	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 Audit of the Financial Statements

Opinions

We have audited the 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, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying 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 the aggregate remaining fund information of Holt County as of June 30, 2023, and the respective changes in cash-basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1, and for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that 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, pages 18-31, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 November 13, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Holt County's internal control over financial reporting and compliance.

November 13, 2023

A handwritten signature in black ink that reads "Dakota Christensen". The signature is written in a cursive, flowing style.

Dakota Christensen, CPA, CISA, CFE
Audit Manager
Lincoln, Nebraska

HOLT COUNTY
STATEMENT OF NET POSITION - CASH BASIS
June 30, 2023

	Governmental Activities
	<hr/>
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 7,392,900
TOTAL ASSETS	<hr/> <hr/>
 NET POSITION	
Restricted for:	
Visitor Promotion	\$ 89,344
Emergency Management	20
Law Enforcement	61,581
Preservation of Records	51,077
Debt Service	30,350
Road Maintenance	557,751
Aid and Assistance	25,275
Federal Relief	737,083
Unrestricted	5,840,419
TOTAL NET POSITION	<hr/> <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, 2023

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	\$ (4,931,744)	\$ 674,443	\$ 55,049	\$ (4,202,252)
Public Safety	(1,170,306)	38,915	68,336	(1,063,055)
Public Works	(10,344,214)	61,229	3,806,729	(6,476,256)
Public Assistance	(99,976)	-	-	(99,976)
Culture and Recreation	(154,618)	-	-	(154,618)
Debt Payments	(1,178,170)	-	-	(1,178,170)
Total Governmental Activities	<u>\$ (17,879,028)</u>	<u>\$ 774,587</u>	<u>\$ 3,930,114</u>	<u>(13,174,327)</u>

General Receipts:

Taxes:	
Property	9,790,539
Motor Vehicle	614,982
Inheritance	1,439,587
Nameplate Capacity	329,839
Other	292,124
Grants and Contributions Not Restricted to Specific Programs	1,198,335
Investment Income	108,833
Sale of Material	212,434
Miscellaneous	94,243
Total General Receipts	<u>14,080,916</u>
Change in Net Position	906,589
Net Position - Beginning of year	6,486,311
Net Position - End of year	<u>\$ 7,392,900</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, 2023

	General Fund	Road Fund	Inheritance Fund	Construction Asphalt Fund	COVID American Rescue Plan Act Fund	Nonmajor Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents (Note 1.D)	\$2,134,656	\$ 70,394	\$1,834,470	\$ 1,668,268	\$ 737,083	\$ 948,029	\$ 7,392,900
TOTAL ASSETS	<u>\$2,134,656</u>	<u>\$ 70,394</u>	<u>\$1,834,470</u>	<u>\$ 1,668,268</u>	<u>\$ 737,083</u>	<u>\$ 948,029</u>	<u>\$ 7,392,900</u>
FUND BALANCES							
Restricted for:							
Visitor Promotion	-	-	-	-	-	89,344	89,344
Emergency Management	-	-	-	-	-	20	20
Law Enforcement	-	-	-	-	-	61,581	61,581
Preservation of Records	-	-	-	-	-	51,077	51,077
Debt Service	-	-	-	-	-	30,350	30,350
Road Maintenance	-	-	-	-	-	557,751	557,751
Aid and Assistance	-	-	-	-	-	25,275	25,275
Federal Relief	-	-	-	-	737,083	-	737,083
Committed to:							
Law Enforcement	-	-	-	-	-	17,058	17,058
Road Maintenance & Equipment	-	70,394	-	1,668,268	-	115,573	1,854,235
Assigned to:							
Other Purposes	-	-	1,834,470	-	-	-	1,834,470
Unassigned	2,134,656	-	-	-	-	-	2,134,656
TOTAL CASH BASIS FUND BALANCES	<u>\$2,134,656</u>	<u>\$ 70,394</u>	<u>\$1,834,470</u>	<u>\$ 1,668,268</u>	<u>\$ 737,083</u>	<u>\$ 948,029</u>	<u>\$ 7,392,900</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, 2023

	General Fund	Road Fund	Inheritance Fund	Construction Asphalt Fund	COVID American Rescue Plan Act Fund	Nonmajor Funds	Total Governmental Funds
RECEIPTS							
Taxes:							
Property	\$ 8,643,275	\$ 269	\$ -	\$ 555	\$ -	\$ 1,146,440	\$ 9,790,539
Motor Vehicle	614,982	-	-	-	-	-	614,982
Inheritance	-	-	1,439,587	-	-	-	1,439,587
Nameplate Capacity	291,838	-	-	-	-	38,001	329,839
Other	135,750	185	-	-	-	156,189	292,124
Investment Income	92,577	-	-	-	16,089	167	108,833
Intergovernmental	228,555	3,344,986	-	-	1,027,698	527,210	5,128,449
Charges for Services	695,825	61,229	-	-	-	17,533	774,587
Miscellaneous	66,243	28,000	-	-	-	-	94,243
TOTAL RECEIPTS	<u>10,769,045</u>	<u>3,434,669</u>	<u>1,439,587</u>	<u>555</u>	<u>1,043,787</u>	<u>1,885,540</u>	<u>18,573,183</u>
DISBURSEMENTS							
General Government	4,668,215	-	221	-	263,308	-	4,931,744
Public Safety	1,116,964	-	-	-	-	53,342	1,170,306
Public Works	329,166	7,542,414	-	1,160,176	1,005,006	307,452	10,344,214
Public Assistance	93,476	-	-	-	-	6,500	99,976
Culture and Recreation	-	-	-	-	-	154,618	154,618
Debt Service:							
Principal Payments	-	-	-	-	-	1,135,000	1,135,000
Interest and Fiscal Charges	-	-	-	-	-	43,170	43,170
TOTAL DISBURSEMENTS	<u>6,207,821</u>	<u>7,542,414</u>	<u>221</u>	<u>1,160,176</u>	<u>1,268,314</u>	<u>1,700,082</u>	<u>17,879,028</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>4,561,224</u>	<u>(4,107,745)</u>	<u>1,439,366</u>	<u>(1,159,621)</u>	<u>(224,527)</u>	<u>185,458</u>	<u>694,155</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	696,962	3,030,000	-	1,000,000	-	6,500	4,733,462
Transfers out	(4,036,500)	-	(680,000)	-	(16,962)	-	(4,733,462)
Sale of Material	-	212,434	-	-	-	-	212,434
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,339,538)</u>	<u>3,242,434</u>	<u>(680,000)</u>	<u>1,000,000</u>	<u>(16,962)</u>	<u>6,500</u>	<u>212,434</u>
Net Change in Fund Balances	<u>1,221,686</u>	<u>(865,311)</u>	<u>759,366</u>	<u>(159,621)</u>	<u>(241,489)</u>	<u>191,958</u>	<u>906,589</u>
CASH BASIS FUND BALANCES - BEGINNING	<u>912,970</u>	<u>935,705</u>	<u>1,075,104</u>	<u>1,827,889</u>	<u>978,572</u>	<u>756,071</u>	<u>6,486,311</u>
CASH BASIS FUND BALANCES - ENDING	<u>\$ 2,134,656</u>	<u>\$ 70,394</u>	<u>\$ 1,834,470</u>	<u>\$ 1,668,268</u>	<u>\$ 737,083</u>	<u>\$ 948,029</u>	<u>\$ 7,392,900</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**
FIDUCIARY FUNDS

For the Year Ended June 30, 2023

	Custodial Fund Balances July 1, 2022	Receipts	Disbursements	Custodial Fund Balances June 30, 2023
ASSETS				
Cash and Cash Equivalents	\$ 906,980	\$ 39,330,688	\$ 39,370,853	\$ 866,815
LIABILITIES				
Due to other governments				
State - Collected by County Treasurer	306,879	3,699,542	3,673,635	332,786
State - Collected by Other Offices	26,320	186,512	200,493	12,339
Schools	318,535	26,656,414	26,672,823	302,126
Educational Service Units	3,659	449,940	450,162	3,437
Technical College	22,893	2,789,294	2,791,084	21,103
Natural Resource Districts	60,233	1,099,397	1,092,135	67,495
Fire Districts	4,133	551,470	550,313	5,290
Municipalities	44,203	1,968,323	1,971,634	40,892
Agricultural Society	681	75,665	75,801	545
Reclamation District	1,458	-	-	1,458
Townships	43,395	825,274	855,337	13,332
Airport Authorities	2,127	94,279	94,553	1,853
Hospital	-	-	-	-
Others - Collected by County Treasurer	5,427	239,976	235,805	9,598
Others - Collected by Other Offices	67,037	694,602	707,078	54,561
TOTAL LIABILITIES	<u>906,980</u>	<u>39,330,688</u>	<u>39,370,853</u>	<u>866,815</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, 2023

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 \$46,912 toward the operation of the Region during fiscal year 2023. 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 toward the operation of the Department during fiscal year 2023. 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) (Supp. 2023). 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 \$122,057 toward the operation of the Center during fiscal year 2023. 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) (Supp. 2023). An audit waiver was requested for fiscal year 2022; 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 \$41,305 toward the operation of the Agency during fiscal year 2023. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement.

B. Basis of Presentation

Government-Wide Financial Statements. The Statement of Net Position - Cash Basis and Statement of Activities - Cash Basis display information about the activities of the County and are in the format of government-wide statements, as required by GASB Statement Number 34. These statements include all the financial activities of the County, except for fiduciary activities. Internal activities in these statements were considered immaterial and have not been eliminated. Governmental Generally Accepted Accounting Principles (GAAP) requires internal activity to be eliminated to minimize double counting. The County reports governmental activities only. Governmental activities are generally financed through taxes, intergovernmental receipts, and other nonexchange transactions. The Statement of Net Position presents the County's non-fiduciary assets in two categories:

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

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

HOLT COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

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 various relief 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.

The County designates fund balances as follows:

HOLT COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

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 paid. This differs from governmental GAAP, which requires the government-wide and fiduciary fund financial statements to be reported using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus and basis of accounting, receipts are recorded when earned, and disbursements are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

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 deposit, 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 \$1,552,481 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 and County Budget Act of 1937. 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 30, 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.

2. Deposits and Investments

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

At year end, the County's carrying amount of deposits was \$7,392,900 for County funds and \$866,815 for Fiduciary funds. The bank balances for all funds totaled \$8,436,338. For purposes of classifying categories of custodial credit risk, the bank balances of the County's deposits, as of June 30, 2023, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

HOLT COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. Taxes

Property taxes are levied by the County Board on or before October 20 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 2022, for the 2022 taxes, which will be materially collected in May and September 2023, was set at \$.336137/\$100 of assessed valuation. The levy set in October 2021, for the 2021 taxes, which were materially collected in May and September 2022, was set at \$.331716/\$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 2022, Supp. 2023) and may be amended through legislative action.

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

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

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

For the year ended June 30, 2023, 100 employees contributed \$182,383, and the County contributed \$271,784. Contributions included \$3,583 in cash contributions towards the supplemental law enforcement plan for six law enforcement employees. Lastly, the County paid \$1,062 directly to 13 retired employees for prior service benefits.

HOLT COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. Risk Management

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

There were no significant reductions in insurance coverage from the prior year coverage, and the County did not incur any expenses that exceeded the coverage amount for the year ended June 30, 2023.

The County self-insures for employee health insurance and has contracted with Meritain Health to administer the County's self-insured plan. Details of the coverage are available upon request from the County Clerk. The self-insured plan is funded through a combination of employee and County contributions. The activity of the plan is reflected in the County's financial statements under the General Fund. No settlements exceeded coverage in any of the past three fiscal years. The County has obtained specific stop-loss coverage to limit the County's total exposure to \$50,000 per enrolled member, per calendar year. The County has also obtained aggregate stop-loss coverage to limit the County's maximum exposure for the calendar year. For calendar year 2023, the maximum exposure for Holt County was \$954,997.

6. Interfund Transfers

Interfund transfers for the year ended June 30, 2023, consisted of the following:

<u>Transfers to</u>	<u>Transfers from</u>			<u>Total</u>
	<u>General Fund</u>	<u>Inheritance Fund</u>	<u>COVID American Rescue Plan Act Fund</u>	
General Fund	\$ -	\$ 680,000	\$ 16,962	\$ 696,962
Road Fund	3,030,000	-	-	3,030,000
Construction Asphalt Fund	1,000,000	-	-	1,000,000
Nonmajor Funds	6,500	-	-	6,500
Total	<u>\$ 4,036,500</u>	<u>\$ 680,000</u>	<u>\$ 16,962</u>	<u>\$ 4,733,462</u>

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

In the year ended June 30, 2023, the County made a one-time transfer of \$16,962 from the COVID American Rescue Plan Act Fund to the General Fund to transfer unrestricted interest to 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
(Concluded)

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

	County Vehicles
Balance July 1, 2022	\$ 12,840
Purchases	-
Payments	12,840
Balance June 30, 2023	<u>\$ -</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, 2023, was \$835,000. 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 will be used to pay off the bonds.

Future Payments:

Year	Principal	Interest	Total
2024	\$ 835,000	\$ 17,118	\$ 852,118

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, 2023, was \$325,000. 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 will be used to pay off the bonds.

Future Payments:

Year	Principal	Interest	Total
2024	\$ 325,000	\$ 5,200	\$ 330,200

8. **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.

HOLT COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 9,722,133	\$ 9,722,133	\$ 9,685,845	\$ (36,288)
Investment Income	10,000	10,000	92,577	82,577
Intergovernmental	196,500	196,500	228,555	32,055
Charges for Services	703,850	703,850	695,825	(8,025)
Miscellaneous	30,287	30,287	66,243	35,956
TOTAL RECEIPTS	10,662,770	10,662,770	10,769,045	106,275
DISBURSEMENTS				
General Government:				
County Board	158,750	158,750	151,673	7,077
County Clerk	235,800	235,800	215,173	20,627
County Treasurer	276,375	276,375	261,455	14,920
County Assessor	331,485	331,485	318,173	13,312
Election Commissioner	47,850	47,850	35,659	12,191
Building and Zoning	19,450	19,450	11,433	8,017
Personnel Costs	2,681,500	2,275,992	2,188,408	87,584
Clerk of the District Court	130,775	130,775	125,029	5,746
County Court System	25,000	25,000	12,222	12,778
District Judge	16,400	16,400	5,698	10,702
Public Defender	114,000	114,000	108,673	5,327
Building and Grounds	626,900	226,900	190,550	36,350
Juvenile Court	93,200	93,200	46,014	47,186
Agricultural Extension Agent	128,080	128,080	109,845	18,235
Counsel & Jury Costs	134,900	134,900	46,838	88,062
Economic Development	44,108	44,108	42,560	1,548
Miscellaneous	1,419,225	1,419,225	798,812	620,413
Public Safety				
County Sheriff	532,990	532,990	530,776	2,214
County Attorney	214,424	214,424	188,882	25,542
County Jail	328,620	328,620	309,538	19,082
Emergency Management	35,650	38,272	37,795	477
District Probation Office	57,500	57,500	49,973	7,527

(Continued)

HOLT COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public Works				
County Surveyor	33,140	36,026	36,026	-
Noxious Weed Control	132,485	132,485	127,500	4,985
Highway Department	169,700	169,700	165,640	4,060
Public Assistance				
Veterans' Service Officer	100,550	100,550	93,476	7,074
TOTAL DISBURSEMENTS	<u>8,088,857</u>	<u>7,288,857</u>	<u>6,207,821</u>	<u>1,081,036</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>2,573,913</u>	<u>3,373,913</u>	<u>4,561,224</u>	<u>1,187,311</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	300,000	300,000	696,962	396,962
Transfers out	<u>(3,270,000)</u>	<u>(4,070,000)</u>	<u>(4,036,500)</u>	<u>33,500</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,970,000)</u>	<u>(3,770,000)</u>	<u>(3,339,538)</u>	<u>430,462</u>
Net Change in Fund Balance	(396,087)	(396,087)	1,221,686	1,617,773
FUND BALANCE - BEGINNING	<u>646,087</u>	<u>646,087</u>	<u>912,970</u>	<u>266,883</u>
FUND BALANCE - ENDING	<u><u>\$ 250,000</u></u>	<u><u>\$ 250,000</u></u>	<u><u>\$ 2,134,656</u></u>	<u><u>\$ 1,884,656</u></u>

(Concluded)

HOLT COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Taxes	\$ -	\$ -	\$ 454	\$ 454
Intergovernmental	4,527,298	4,527,298	3,344,986	(1,182,312)
Charges for Services	56,800	56,800	61,229	4,429
Miscellaneous	161,697	161,697	28,000	(133,697)
TOTAL RECEIPTS	4,745,795	4,745,795	3,434,669	(1,311,126)
DISBURSEMENTS	8,951,500	8,951,500	7,542,414	1,409,086
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,205,705)	(4,205,705)	(4,107,745)	97,960
OTHER FINANCING SOURCES (USES)				
Transfers in	3,270,000	3,270,000	3,030,000	(240,000)
Transfers out	-	-	-	-
Sale of Material	-	-	212,434	212,434
TOTAL OTHER FINANCING SOURCES (USES)	3,270,000	3,270,000	3,242,434	(27,566)
Net Change in Fund Balance	(935,705)	(935,705)	(865,311)	70,394
FUND BALANCE - BEGINNING	935,705	935,705	935,705	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 70,394	\$ 70,394
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 300,000	\$ 300,000	\$1,439,587	\$ 1,139,587
TOTAL RECEIPTS	300,000	300,000	1,439,587	1,139,587
DISBURSEMENTS	75,104	75,104	221	74,883
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	224,896	224,896	1,439,366	1,214,470
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(1,300,000)	(1,300,000)	(680,000)	620,000
TOTAL OTHER FINANCING SOURCES (USES)	(1,300,000)	(1,300,000)	(680,000)	620,000
Net Change in Fund Balance	(1,075,104)	(1,075,104)	759,366	1,834,470
FUND BALANCE - BEGINNING	1,075,104	1,075,104	1,075,104	-
FUND BALANCE - ENDING	\$ -	\$ -	\$1,834,470	\$ 1,834,470

(Continued)

HOLT COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
CONSTRUCTION ASPHALT FUND				
RECEIPTS				
Taxes	\$ -	\$ -	\$ 555	\$ 555
TOTAL RECEIPTS	-	-	555	555
DISBURSEMENTS	2,827,889	2,827,889	1,160,176	1,667,713
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,827,889)	(2,827,889)	(1,159,621)	1,668,268
OTHER FINANCING SOURCES (USES)				
Transfers in	1,000,000	1,000,000	1,000,000	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	1,000,000	1,000,000	1,000,000	-
Net Change in Fund Balance	(1,827,889)	(1,827,889)	(159,621)	1,668,268
FUND BALANCE - BEGINNING	1,827,889	1,827,889	1,827,889	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 1,668,268	\$ 1,668,268
COVID AMERICAN RESCUE PLAN ACT FUND				
RECEIPTS				
Investment Income	\$ -	\$ -	\$ 16,089	\$ 16,089
Intergovernmental	977,699	977,699	1,027,698	49,999
TOTAL RECEIPTS	977,699	977,699	1,043,787	66,088
DISBURSEMENTS	1,956,271	1,956,271	1,268,314	687,957
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(978,572)	(978,572)	(224,527)	754,045
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(16,962)	(16,962)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(16,962)	(16,962)
Net Change in Fund Balance	(978,572)	(978,572)	(241,489)	737,083
FUND BALANCE - BEGINNING	978,572	978,572	978,572	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 737,083	\$ 737,083

(Concluded)

HOLT COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
HIGHWAY ROAD BRIDGE BUYBACK FUND				
Receipts	\$ 432,032	\$ 432,032	\$ 461,743	\$ 29,711
Disbursements	(835,492)	(835,492)	(307,452)	528,040
Net Change in Fund Balance	(403,460)	(403,460)	154,291	557,751
Fund Balance - Beginning	403,460	403,460	403,460	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 557,751</u>	<u>\$ 557,751</u>
INTERLOCAL ROAD FUND				
Receipts	\$ 28,519	\$ 28,519	\$ 29,570	\$ 1,051
Disbursements	(36,000)	(36,000)	-	36,000
Net Change in Fund Balance	(7,481)	(7,481)	29,570	37,051
Fund Balance - Beginning	7,481	7,481	7,481	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,051</u>	<u>\$ 37,051</u>
EQUIPMENT RESERVE FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(78,522)	(78,522)	-	78,522
Net Change in Fund Balance	(78,522)	(78,522)	-	78,522
Fund Balance - Beginning	78,522	78,522	78,522	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,522</u>	<u>\$ 78,522</u>
DATA MASTER FUND				
Receipts	\$ 567	\$ 567	\$ 1,265	\$ 698
Disbursements	(3,500)	(3,500)	-	3,500
Net Change in Fund Balance	(2,933)	(2,933)	1,265	4,198
Fund Balance - Beginning	2,933	2,933	2,933	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,198</u>	<u>\$ 4,198</u>
VISITORS PROMOTION FUND				
Receipts	\$ 65,000	\$ 65,000	\$ 71,707	\$ 6,707
Disbursements	(120,273)	(120,273)	(92,538)	27,735
Net Change in Fund Balance	(55,273)	(55,273)	(20,831)	34,442
Fund Balance - Beginning	55,273	55,273	55,273	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,442</u>	<u>\$ 34,442</u>
VISITORS IMPROVEMENT FUND				
Receipts	\$ 65,000	\$ 65,000	\$ 71,707	\$ 6,707
Disbursements	(110,275)	(110,275)	(62,080)	48,195
Net Change in Fund Balance	(45,275)	(45,275)	9,627	54,902
Fund Balance - Beginning	45,275	45,275	45,275	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,902</u>	<u>\$ 54,902</u>

(Continued)

HOLT COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REGISTER OF DEEDS PRESERVATION AND MODERNIZATION FUND				
Receipts	\$ 11,000	\$ 11,000	\$ 7,683	\$ (3,317)
Disbursements	(54,394)	(54,394)	-	54,394
Net Change in Fund Balance	(43,394)	(43,394)	7,683	51,077
Fund Balance - Beginning	43,394	43,394	43,394	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,077</u>	<u>\$ 51,077</u>
VETERANS' AID FUND				
Receipts	\$ 200	\$ 200	\$ 168	\$ (32)
Disbursements	(25,307)	(25,307)	(6,500)	18,807
Transfers in	-	-	6,500	6,500
Transfers out	-	-	-	-
Net Change in Fund Balance	(25,107)	(25,107)	168	25,275
Fund Balance - Beginning	25,107	25,107	25,107	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,275</u>	<u>\$ 25,275</u>
STOP PROGRAM FUND				
Receipts	\$ 900	\$ 900	\$ 1,550	\$ 650
Disbursements	(4,100)	(4,100)	(1,100)	3,000
Net Change in Fund Balance	(3,200)	(3,200)	450	3,650
Fund Balance - Beginning	3,200	3,200	3,200	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,650</u>	<u>\$ 3,650</u>
LAW ENFORCEMENT GRANTS FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(22,909)	(22,909)	(17,836)	5,073
Net Change in Fund Balance	(22,909)	(22,909)	(17,836)	5,073
Fund Balance - Beginning	22,909	22,909	22,909	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,073</u>	<u>\$ 5,073</u>
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>

(Continued)

HOLT COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
JUVENILE JUSTICE GRANT HHS FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(5,743)	(5,743)	-	5,743
Net Change in Fund Balance	(5,743)	(5,743)	-	5,743
Fund Balance - Beginning	5,743	5,743	5,743	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,743</u>	<u>\$ 5,743</u>
FEDERAL FORFEITURE FUND				
Receipts	\$ 126,140	\$ 126,140	\$ -	\$ (126,140)
Disbursements	(140,000)	(140,000)	-	140,000
Net Change in Fund Balance	(13,860)	(13,860)	-	13,860
Fund Balance - Beginning	13,860	13,860	13,860	-
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	(64,989)	(64,989)	(28,084)	36,905
Net Change in Fund Balance	(31,514)	(31,514)	5,391	36,905
Fund Balance - Beginning	31,514	31,514	31,514	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,905</u>	<u>\$ 36,905</u>
JAIL COMMISSARY FUND				
Receipts	\$ 6,503	\$ 6,503	\$ 7,035	\$ 532
Disbursements	(15,000)	(15,000)	(6,322)	8,678
Net Change in Fund Balance	(8,497)	(8,497)	713	9,210
Fund Balance - Beginning	8,497	8,497	8,497	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,210</u>	<u>\$ 9,210</u>
OTHER DEBT SERVICE FUND				
Receipts	\$ 1,170,170	\$ 1,170,170	\$ 1,199,637	\$ 29,467
Disbursements	(1,179,053)	(1,179,053)	(1,178,170)	883
Net Change in Fund Balance	(8,883)	(8,883)	21,467	30,350
Fund Balance - Beginning	8,883	8,883	8,883	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,350</u>	<u>\$ 30,350</u>

(Concluded)

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

For the Year Ended June 30, 2023

	Highway Road Bridge Buyback Fund	Interlocal Road Fund	Equipment Reserve Fund	Data Master Fund	Visitors Promotion Fund
RECEIPTS					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Nameplate Capacity	-	-	-	-	-
Other	-	-	-	-	71,707
Investment Income	-	-	-	-	-
Intergovernmental	461,743	29,570	-	-	-
Charges for Services	-	-	-	1,265	-
TOTAL RECEIPTS	461,743	29,570	-	1,265	71,707
DISBURSEMENTS					
Public Safety	-	-	-	-	-
Public Works	307,452	-	-	-	-
Public Assistance	-	-	-	-	-
Culture and Recreation	-	-	-	-	92,538
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	307,452	-	-	-	92,538
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	154,291	29,570	-	1,265	(20,831)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
Net Change in Fund Balances	154,291	29,570	-	1,265	(20,831)
FUND BALANCES - BEGINNING	403,460	7,481	78,522	2,933	55,273
FUND BALANCES - ENDING	\$ 557,751	\$ 37,051	\$ 78,522	\$ 4,198	\$ 34,442
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	34,442
Emergency Management	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	-	-	-
Debt Service	-	-	-	-	-
Road Maintenance	557,751	-	-	-	-
Aid and Assistance	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	4,198	-
Road Maintenance & Equipment	-	37,051	78,522	-	-
TOTAL FUND BALANCES	\$ 557,751	\$ 37,051	\$ 78,522	\$ 4,198	\$ 34,442

(Continued)

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

For the Year Ended June 30, 2023

	Visitors Improvement Fund	Register of Deeds Preservation and Modernization Fund	Veterans' Aid Fund	Stop Program Fund
RECEIPTS				
Taxes:				
Property	\$ -	\$ -	\$ 1	\$ -
Nameplate Capacity	-	-	-	-
Other	71,707	-	-	-
Investment Income	-	-	167	-
Intergovernmental	-	-	-	-
Charges for Services	-	7,683	-	1,550
TOTAL RECEIPTS	71,707	7,683	168	1,550
DISBURSEMENTS				
Public Safety	-	-	-	1,100
Public Works	-	-	-	-
Public Assistance	-	-	6,500	-
Culture and Recreation	62,080	-	-	-
Debt Service:				
Principal Payments	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
TOTAL DISBURSEMENTS	62,080	-	6,500	1,100
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	9,627	7,683	(6,332)	450
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	6,500	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	6,500	-
Net Change in Fund Balances	9,627	7,683	168	450
FUND BALANCES - BEGINNING	45,275	43,394	25,107	3,200
FUND BALANCES - ENDING	\$ 54,902	\$ 51,077	\$ 25,275	\$ 3,650
FUND BALANCES:				
Restricted for:				
Visitor Promotion	54,902	-	-	-
Emergency Management	-	-	-	-
Law Enforcement	-	-	-	-
Preservation of Records	-	51,077	-	-
Debt Service	-	-	-	-
Road Maintenance	-	-	-	-
Aid and Assistance	-	-	25,275	-
Committed to:				
Law Enforcement	-	-	-	3,650
Road Maintenance & Equipment	-	-	-	-
TOTAL FUND BALANCES	\$ 54,902	\$ 51,077	\$ 25,275	\$ 3,650

(Continued)

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

For the Year Ended June 30, 2023

	Law Enforcement Grants Fund	Miscellaneous Grants (NEMA) Fund	Juvenile Justice Grant HHS Fund	Federal Forfeiture Fund
RECEIPTS				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Nameplate Capacity	-	-	-	-
Other	-	-	-	-
Investment Income	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
TOTAL RECEIPTS	-	-	-	-
DISBURSEMENTS				
Public Safety	17,836	-	-	-
Public Works	-	-	-	-
Public Assistance	-	-	-	-
Culture and Recreation	-	-	-	-
Debt Service:				
Principal Payments	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
TOTAL DISBURSEMENTS	17,836	-	-	-
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(17,836)	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balances	(17,836)	-	-	-
FUND BALANCES - BEGINNING	22,909	20	5,743	13,860
FUND BALANCES - ENDING	\$ 5,073	\$ 20	\$ 5,743	\$ 13,860
FUND BALANCES:				
Restricted for:				
Visitor Promotion	-	-	-	-
Emergency Management	-	20	-	-
Law Enforcement	5,073	-	5,743	13,860
Preservation of Records	-	-	-	-
Debt Service	-	-	-	-
Road Maintenance	-	-	-	-
Aid and Assistance	-	-	-	-
Committed to:				
Law Enforcement	-	-	-	-
Road Maintenance & Equipment	-	-	-	-
TOTAL FUND BALANCES	\$ 5,073	\$ 20	\$ 5,743	\$ 13,860

(Continued)

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

For the Year Ended June 30, 2023

	Law Enforcement Contract Fund	Jail Commissary Fund	Other Debt Service Fund	Total Nonmajor Funds
RECEIPTS				
Taxes:				
Property	\$ -	\$ -	\$ 1,146,439	\$ 1,146,440
Nameplate Capacity	-	-	38,001	38,001
Other	-	-	12,775	156,189
Investment Income	-	-	-	167
Intergovernmental	33,475	-	2,422	527,210
Charges for Services	-	7,035	-	17,533
TOTAL RECEIPTS	33,475	7,035	1,199,637	1,885,540
DISBURSEMENTS				
Public Safety	28,084	6,322	-	53,342
Public Works	-	-	-	307,452
Public Assistance	-	-	-	6,500
Culture and Recreation	-	-	-	154,618
Debt Service:				
Principal Payments	-	-	1,135,000	1,135,000
Interest and Fiscal Charges	-	-	43,170	43,170
TOTAL DISBURSEMENTS	28,084	6,322	1,178,170	1,700,082
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	5,391	713	21,467	185,458
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	6,500
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	6,500
Net Change in Fund Balances	5,391	713	21,467	191,958
FUND BALANCES - BEGINNING	31,514	8,497	8,883	756,071
FUND BALANCES - ENDING	\$ 36,905	\$ 9,210	\$ 30,350	\$ 948,029
FUND BALANCES:				
Restricted for:				
Visitor Promotion	-	-	-	89,344
Emergency Management	-	-	-	20
Law Enforcement	36,905	-	-	61,581
Preservation of Records	-	-	-	51,077
Debt Service	-	-	30,350	30,350
Road Maintenance	-	-	-	557,751
Aid and Assistance	-	-	-	25,275
Committed to:				
Law Enforcement	-	9,210	-	17,058
Road Maintenance & Equipment	-	-	-	115,573
TOTAL FUND BALANCES	\$ 36,905	\$ 9,210	\$ 30,350	\$ 948,029

(Concluded)

HOLT COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2023

	County Clerk	Register of Deeds	Clerk of the District Court	County Sheriff	County Attorney	Weed Superintendent	Highway Superintendent	Veterans' Service Officer	County Treasurer	County Assessor	North Central Problem-Solving Court	Total
BALANCES JULY 1, 2022	\$ 609	\$ 40,479	\$ 63,932	\$ 10,093	\$ 1,043	\$ 125	\$ -	\$ 1,903	\$ 200	\$ 150	\$ 46,374	\$ 164,908
RECEIPTS												
Taxes	-	-	4,428	22,238	-	-	-	-	-	-	-	26,666
Intergovernmental	-	-	-	-	-	-	-	7,850	-	68	-	7,918
Charges for Services	2,685	96,468	17,429	44,558	-	2,587	35,534	46	-	58	11,128	210,493
Miscellaneous	56	-	1,706	615	2,329	43	222,146	-	989	-	-	227,884
State Fees	1,923	164,097	18,473	25	-	-	1,994	-	-	-	-	186,512
Other Liabilities	-	-	665,299	29,303	-	-	-	-	-	-	-	694,602
TOTAL RECEIPTS	4,664	260,565	707,335	96,739	2,329	2,630	259,674	7,896	989	126	11,128	1,354,075
DISBURSEMENTS												
Payments to County Treasurer	2,566	104,282	21,034	48,696	-	2,587	257,680	-	-	58	-	436,903
Payments to State Treasurer	1,860	179,511	17,103	25	-	-	1,994	-	-	-	-	200,493
Petty Cash & Other Payments	6	-	1,632	619	1,535	43	-	5,072	989	68	6,885	16,849
Other Liabilities	-	-	672,037	35,041	-	-	-	-	-	-	-	707,078
TOTAL DISBURSEMENTS	4,432	283,793	711,806	84,381	1,535	2,630	259,674	5,072	989	126	6,885	1,361,323
BALANCES JUNE 30, 2023	\$ 841	\$ 17,251	\$ 59,461	\$ 22,451	\$ 1,837	\$ 125	\$ -	\$ 4,727	\$ 200	\$ 150	\$ 50,617	\$ 157,660
BALANCES CONSIST OF:												
Due to County Treasurer	\$ 358	\$ 7,164	\$ 2,847	\$ 20,410	\$ 837	\$ -	\$ -	\$ 4,727	\$ -	\$ -	\$ 50,617	\$ 86,960
Petty Cash	350	-	225	1,750	1,000	125	-	-	200	150	-	3,800
Due to State Treasurer	133	10,087	2,119	-	-	-	-	-	-	-	-	12,339
Due to Others	-	-	54,270	291	-	-	-	-	-	-	-	54,561
BALANCES JUNE 30, 2023	\$ 841	\$ 17,251	\$ 59,461	\$ 22,451	\$ 1,837	\$ 125	\$ -	\$ 4,727	\$ 200	\$ 150	\$ 50,617	\$ 157,660

HOLT COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2023

Item	2018	2019	2020	2021	2022
Tax Certified by Assessor					
Real Estate	\$ 35,667,593	\$ 35,517,914	\$ 35,665,651	\$ 34,661,714	\$ 35,209,667
Personal and Specials	1,807,498	1,815,088	2,051,498	2,014,813	2,040,821
Total	<u>37,475,091</u>	<u>37,333,002</u>	<u>37,717,149</u>	<u>36,676,527</u>	<u>37,250,488</u>
Corrections					
Additions	10,896	24,105	21,084	337,610	1,836
Deductions	(31,937)	(21,258)	(9,199)	(435,667)	(4,637)
Net Additions/ (Deductions)	<u>(21,041)</u>	<u>2,847</u>	<u>11,885</u>	<u>(98,057)</u>	<u>(2,801)</u>
Corrected Certified Tax	<u>37,454,050</u>	<u>37,335,849</u>	<u>37,729,034</u>	<u>36,578,470</u>	<u>37,247,687</u>
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2019	23,521,409	-	-	-	-
June 30, 2020	13,892,741	23,431,934	-	-	-
June 30, 2021	31,018	13,885,182	24,265,061	-	-
June 30, 2022	3,701	11,481	13,449,651	23,940,267	-
June 30, 2023	1,558	4,133	9,425	12,618,845	24,538,715
Total Net Collections	<u>37,450,427</u>	<u>37,332,730</u>	<u>37,724,137</u>	<u>36,559,112</u>	<u>24,538,715</u>
Total Uncollected Tax	<u>\$ 3,623</u>	<u>\$ 3,119</u>	<u>\$ 4,897</u>	<u>\$ 19,358</u>	<u>\$ 12,708,972</u>
Percentage Uncollected Tax	<u>0.01%</u>	<u>0.01%</u>	<u>0.01%</u>	<u>0.05%</u>	<u>34.12%</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, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Entity Identifying	Total Federal Expenditures
DEPARTMENT OF HOMELAND SECURITY			
Passed through Nebraska Military Department			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	089-99089-00	317,404
Emergency Management Performance Grants	97.042	22-SR 14651-01	16,188
Total U.S. Department of Homeland Security			<u>333,592</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Nebraska Department of Health and Human Services			
Child Support Enforcement	93.563	51293 Y3 51421 Y3	49,610
Total U.S. Department of Health and Human Services			<u>49,610</u>
DEPARTMENT OF THE TREASURY			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not Applicable *	1,268,314
Total U.S. Department of the Treasury			<u>1,268,314</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,651,516</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, 2023

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, 2023. 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 the County, it is not intended to and does not present the financial position or changes in net assets of the County. The County's reporting entity is defined in Note 1.A. to the County's financial statements. Federal awards received directly from Federal agencies, as well as those passed through other government agencies, are included in the Schedule. Unless otherwise noted on the Schedule, all programs are received directly from the respective Federal agency.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.



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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, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 13, 2023. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing 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 the 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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We 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.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Additional Items

We also noted certain matters that we reported to the management of Holt County in a separate letter dated November 13, 2023.

Holt County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the finding identified in our audit and described previously. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

November 13, 2023



Dakota Christensen, CPA, CISA, CFE
Audit Manager
Lincoln, Nebraska



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

Board of Supervisors
Holt County, Nebraska

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Holt County's compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

In our opinion, Holt County complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Holt County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major Federal program. Our audit does not provide a legal determination of Holt County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Holt County's Federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Holt County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Holt County's compliance with the requirements of each major Federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Holt County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Holt County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Holt County's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as Findings #2023-002 and #2023-003. Our opinion on each major Federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Holt County's response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. Holt County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Holt County is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Holt County's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item #2023-002 and #2023-003 to be significant deficiencies.

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

Government Auditing Standards requires the auditor to perform limited procedures on Holt County's response to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. Holt County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Holt County is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Holt County's corrective action plan was not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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

November 13, 2023



Dakota Christensen, CPA, CISA, CFE
Audit Manager
Lincoln, Nebraska

HOLT COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2023

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 No

Significant deficiencies identified?

X Yes ___ None Reported

Noncompliance material to financial statements noted?

___ Yes X No

Federal Awards

Internal control over major programs:

Material weaknesses identified?

___ Yes X No

Significant deficiencies identified?

X Yes ___ 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)?

X Yes ___ No

Major programs: **COVID-19 – Coronavirus State and Local Fiscal Recovery Funds: AL #21.027**

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

(Continued)

Section II – Financial Statement Findings

Finding # 2023-001

<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

Finding # 2023-002

<u>Program</u> -	AL 21.027 – COVID-19 – Coronavirus State and Local Fiscal Recovery Funds – Suspension & Debarment
<u>Grant Number & Year</u> -	SLFRP2377, March 3, 2021, through December 31, 2024
<u>Federal Grantor Agency</u> -	U.S. Department of the Treasury
<u>Criteria</u> -	Title 2 of the U.S. Code of Federal Regulations (CFR) § 200.303 (January 1, 2023) states the following, in relevant part:

The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

HOLT COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Continued)

The U.S. Department of the Treasury adopted the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in 2 CFR § 1000.10 (January 1, 2023), which states the following:

Except for the deviations set forth elsewhere in this Part, the Department of the Treasury adopts the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, set forth at 2 CFR part 200.

2 CFR § 200.214 (January 1, 2023) states the following:

Non-Federal entities are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. The regulations in 2 CFR part 180 restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

2 CFR § 180.300 (January 1, 2023) requires non-Federal entities to verify that an entity is not excluded or disqualified prior to entering into a covered transaction by: “(a) Checking SAM Exclusions; or (b) Collecting a certification from that . . . [entity]; or (c) Adding a clause or condition to the covered transaction with that . . . [entity].”

A good internal control plan requires the County to have proper procedures in place to verify that contractors paid with Federal funds are not suspended, debarred, or otherwise excluded from or ineligible for participation in Federal programs or activities.

Condition -

Holt County could not provide documentation to support that the County implemented effective internal controls to ensure that suspension and debarment requirements were followed and adequately documented.

We noted the County used Coronavirus State and Local Fiscal Recovery Funds to pay six vendors over \$25,000, totaling \$1,146,781, during the fiscal year ended June 30, 2023. The County failed to ensure that these vendors were not excluded or disqualified prior to entering into these covered transactions.

We reviewed SAM.gov, and noted that none of these vendors were suspended, debarred, or otherwise excluded from participation in Federal programs or activities as of the date testing was performed.

Repeat Finding -

No

Questioned Costs -

None

Statistical Sample -

No

Context -

The following table provides details of the covered transactions noted:

VENDOR	AMOUNT
MURPHY TRACTOR & EQUIPMENT CO	\$ 436,953
CATERPILLAR FINANCIAL SERVICES CORP	279,889
NORTH CENTRAL AUTOMATION	187,716
PLATTE VALLEY COMMUNICATIONS, INC.	114,973
WERTH, MONTIE	76,200
MITCHELL EQUIPMENT, INC.	51,050
TOTAL	\$ 1,146,781

HOLT COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Continued)

<u>Cause</u> -	Lack of procedures and knowledge regarding suspension and debarment requirements
<u>Effect</u> -	Without adequate procedures to ensure contractors are not suspended, debarred, or otherwise excluded from or ineligible for participation in Federal programs or activities, there is an increased risk for the misuse of Federal funds and noncompliance with Federal regulations, leading to possible Federal sanctions.
<u>Recommendation</u> -	We recommend the County implement procedures to ensure, prior to entering into a covered transaction, that a contractor is not suspended, debarred, or otherwise excluded from or ineligible for participation in Federal programs or activities, and those procedures are adequately documented.
<u>View of Officials</u> -	Holt County's first choice will be to obtain a certificate or an agreement with each entity stating they are in good standing.

Finding # 2023-003

<u>Program</u> -	AL 21.027 – COVID-19 – Coronavirus State and Local Fiscal Recovery Funds – Reporting
<u>Grant Number & Year</u> -	SLFRP2377, March 3, 2021, through December 31, 2024
<u>Federal Grantor Agency</u> -	U.S. Department of the Treasury
<u>Criteria</u> -	Title 2 of the U.S. Code of Federal Regulations (CFR) § 200.303 (January 1, 2023) states the following, in relevant part:

The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The U.S. Department of the Treasury adopted the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in 2 CFR § 1000.10 (January 1, 2023), which states the following:

Except for the deviations set forth elsewhere in this Part, the Department of the Treasury adopts the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, set forth at 2 CFR part 200.

The U.S. Department of the Treasury issued "Compliance and Reporting Guidance" and frequently asked questions, which specify the reporting requirements related to Coronavirus State and Local Fiscal Recovery Funds.

A good internal control plan includes establishing effective internal controls through written policies and procedures to ensure Federal reporting requirements are completed accurately. Such plan should include, among other things, appropriate training on Federal reporting requirements and require a documented, detailed review of each report to be completed by a knowledgeable individual, who did not prepare the report, prior to submission.

HOLT COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Concluded)

Condition - Holt County did not implement effective internal controls to ensure that the reporting requirements of the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) were completed accurately. The Project and Expenditure report submitted on April 28, 2023, did not contain accurate information for multiple expenditure and obligations categories.

Repeat Finding - No

Questioned Costs - None

Statistical Sample - No

Context - The following table summarizes the variances noted:

Row Categories on SLFRF Report	Amount Reported on Report	Amount Recorded in Accounting System	Over/(Under) Reported
Total Cumulative Obligations	\$ 992,192	\$ 974,454	\$ 17,738
Total Cumulative Expenditures	104,287	147,963	(43,676)
Current Period Obligations	992,192	974,454	17,738
Current Period Expenditures	104,287	147,963	(43,676)
Revenue Loss Due to Covid-19 Public Health Emergency	1,927,348	1,955,397	(28,049)

Cause - Lack of procedures and knowledge relating to Federal reporting requirements.

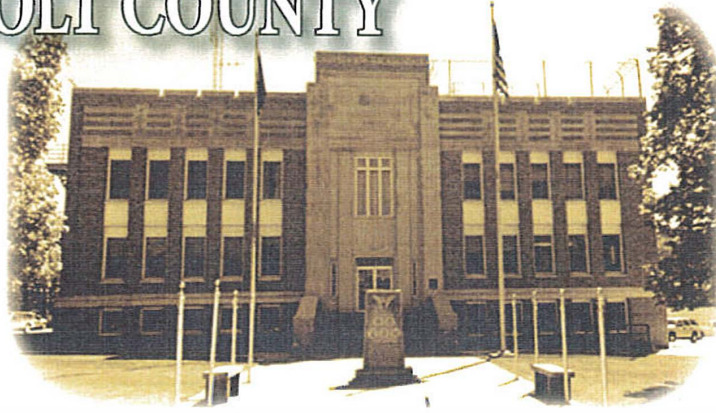
Effect - Inaccurate information was reported to the U.S. Department of the Treasury on the 2023 Project and Expenditure report. Additionally, there is an increased risk the County is not in compliance with the reporting requirements set by the U.S Department of the Treasury.

Recommendation - We recommend the County implement procedures to ensure Federal reporting requirements are completed accurately. Such procedures could include, among other things, appropriate training on Federal reporting requirements and a documented review by a knowledgeable individual who was not involved in the preparation of the report.

View of Officials - Holt County will create a spreadsheet that will track expenditures and obligations.

HOLT COUNTY

OFFICE OF THE
COUNTY CLERK
CATHY PAVEL



Phone: 402-336-1762

P.O. Box 329

204 N. 4th Street

holtclerk.cathy@holtcountyne.gov

O'Neill, Nebraska 68763


SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2023

Finding 2022-1 (Since 2019) Segregation of Duties

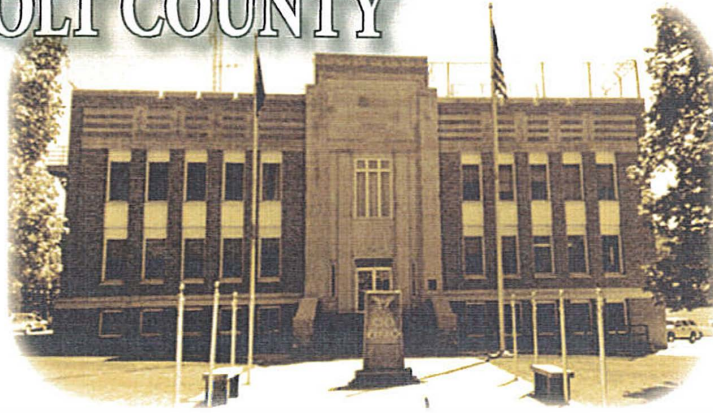
Status: On-going

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.


William J. Tielke, County Board Chairperson

HOLT COUNTY

OFFICE OF THE
COUNTY CLERK
CATHY PAVEL



Phone: 402-336-1762

P.O. Box 329

204 N. 4th Street

holtclerk.cathy@holtcountyne.gov

HOLT COUNTY CORRECTIVE ACTION PLAN

O'Neill, Nebraska 68763

Year Ended June 30, 2023

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

I. Findings Related to the Financial Statements

Finding 2023-001: 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:

William J. Tielke, County Board

II. Findings Related to Federal Awards:

Finding 2023-002: Coronavirus State and Local Fiscal Recovery Funds – Suspension & Debarment

Program:

AL 21.027 – COVID-19 – Coronavirus State and Local Fiscal Recovery Funds – Suspension & Debarment

Corrective Action Planned:

Holt County's first choice will be to obtain a certificate or an agreement with each entity stating they are in good standing.

Anticipated Completion Date:

12-31-23

Responsible Party:

Cathy Pavel, County Clerk

Finding 2023-003: Coronavirus State and Local Fiscal Recovery Funds – Reporting

Program:

AL 21.027 – COVID-19 – Coronavirus State and Local Fiscal Recovery Funds – Reporting

Corrective Action Planned:

Holt County will create a spreadsheet that will track expenditures and obligations.

Anticipated Completion Date:

12-31-23

Responsible Party:

Cathy Pavel, County Clerk



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
State Auditor

Mike.Foley@nebraska.gov

PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
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November 13, 2023

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, 2023, and have issued our report thereon dated November 13, 2023. 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:

NORTH CENTRAL PROBLEM-SOLVING COURT

Accounting Procedures

We noted that the County was the holder, under its own Federal Tax Identification Number (FTIN), 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 it 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 a July 18, 2022, interlocal agreement with the Court Administrator's Office, the County has agreed to "provid[e] 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."

Accounting Procedures

As noted above, the County had taken responsibility for the "collection and disbursement" of NCPSC participant fees. In doing so, however, the County has failed to follow the same statutory safeguards that ensure the proper receipt, holding, and disbursement of its own public monies. During the fiscal year, NCPSC deposited \$11,128 and paid \$6,885 out of this bank account. As of June 30, 2023, the bank balance for this account was \$50,617.

During our review of the bank statements and underlying documentation for the NCPSC, we noted the following:

- Most payments out of this account were made through direct debit card transactions, totaling \$4,430, without the specific oversight and approval of any County official. After further inquiry with the County and the NCPSC Coordinator regarding controls over this account, the following deficiencies were noted:

- The review of the bank account and its activity was not formally documented.
 - Most expenses incurred are only verbally discussed with the NCPSC Coordinator before being incurred.
 - Tracking of incentives, such as gift cards, are not tracked adequately. The NCPSC Coordinator stated that incentives are entered into a system; however, that system cannot provide a report of all the incentives for a specific period.
- All funds received by NCPSC are receipted by the district courts located in each county and then remitted to the NCPSC; however, there is no central system or database to track receipts. Therefore, we were unable to verify that the funds deposited into the bank account, totaling \$11,128, during fiscal year 2023 were accurate. The NCPSC Coordinator maintained a spreadsheet tracking the bank deposits and disbursements.
 - The NCPSC could not provide any policies or other documentation to support the appropriate use of the funds from this account.
 - The NCPSC purchased gift cards and other food items, such as breakfast pizzas and donuts, to provide to the NCPSC participants as “incentives” or graduation rewards, totaling \$3,040. However, the NCPSC was unable to provide documentation to support who received these gift cards or food items.

Vendor	Amount	Description
Casey's - Gift Cards	\$ 2,470	Gift Cards, Food
Pump & Pantry - Gift Cards	200	Gift Cards
O'Neill Super Foods	300	Food for promotion/graduation parties
The Grocery Kart	70	Food for promotion/graduation parties
Total	\$ 3,040	

- Six purchases made by the NCPSC, totaling \$210, did not have adequate documentation to support the items purchased. For five of these purchases, the receipts stated “Produce” and, for the other purchase, the receipt said “Check Cash Fee.” Per the NCPSC, these purchases were supposedly for fruit trays. These purchases are included in the amounts in the table in the previous bullet.
- No itemized receipt was on file for one \$55 purchase at a Casey’s convenience store in June 2023.
- Two purchases, totaling \$1,071, did not have documentation on file to support approval by the problem-solving court team and/or the problem-solving judge. Per the NCPSC Coordinator, purchases that are considered “unusual” require approval “from the drug court team and/or judge prior to authorizing such an expense.”

Vendor	Amount	Description
Midwest Special Serv	\$ 472	Participant Transportation
Amazon	599	Speakers for Court
Total	\$ 1,071	

- The spreadsheet maintained by the NCPSC Coordinator included a \$200 expense for “incentives” that did not clear the bank. This amount was also recorded on a line titled “deposit” so it appears to be an inadvertent error.
- Sales tax paid during the fiscal year was \$40.

Among the statutes applicable to the County’s own funds is Neb. Rev. Stat. § 23-1601(1) (Reissue 2022), which 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.

Likewise, Neb. Rev. Stat. § 23-3106 (Reissue 2022) 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.

Neb. Rev. Stat. § 13-610(4) (Reissue 2022) states, in relevant part, the following:

An itemized receipt for purposes of tracking expenditures shall accompany all purchasing card purchases. In the event that a receipt does not accompany such a purchase, purchasing card privileges shall be temporarily or permanently suspended in accordance with rules and regulations adopted and promulgated by the political subdivision.

Per Neb. Rev. Stat. § 77-2704.15(1)(a) (Supp. 2023), purchases made by the State or its political subdivisions are exempt from sales tax, as follows:

Sales and use taxes shall not be imposed on the gross receipts from the sale, lease, or rental of and the storage, use, or other consumption in this state of purchases by the state, including public educational institutions recognized or established under the provisions of Chapter 85, or by any county, township, city, village, rural or suburban fire protection district, city airport authority, county airport authority, joint airport authority, drainage district organized under sections 31-401 to 31-450, sanitary drainage district organized under sections 31-501 to 31-553, land bank created under the Nebraska Municipal Land Bank Act, natural resources district, county agricultural society, elected county fair board, housing agency as defined in section 71-1575 except for purchases for any commercial operation that does not exclusively benefit the residents of an affordable housing project, cemetery created under section 12-101, or joint entity or agency formed by any combination of two or more counties, townships, cities, villages, or other exempt governmental units pursuant to the Interlocal Cooperation Act, the Integrated Solid Waste Management Act, or the Joint Public Agency Act, except for purchases for use in the business of furnishing gas, water, electricity, or heat, or by any irrigation or reclamation district, the irrigation division of any public power and irrigation district, or public schools or learning communities established under Chapter 79.

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 NCPSC funds held by the County; 2) any funds held under the County's FTIN, including those in the NCPSC account, 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, including gift cards, and such records are reconciled to the bank balances and activity; and 4) adequate supporting documentation is maintained for all expenditures of funds from a County bank account.

Without such procedures, there is an increased risk for the loss, theft, or misuse of funds entrusted to the custody and care of the County.

A similar comment 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 the proper handling of NCPSC funds and incentives, such as gift cards. We also recommend the implementation of procedures to ensure the following:

- All funds held under the County's FTIN, including those in the NCPSC account, 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 all funds held by the County, including those held in the NCPSC account, and such records are reconciled to the bank balances and activity; and
- Adequate records are maintained to support which NCPSC participants received incentives, such as gift cards.

COUNTY BOARD

County Self-Insurance Health Account

During fiscal year 2023, Holt County self-insured for employee health insurance and contracted with Meritain Health to administer the County's self-insured plan. For the self-insured plan, a bank account is maintained for the County's self-insurance funds. We noted the following regarding this account:

- As of June 30, 2023, the bank account had a book balance of \$343,562, and total receipts and disbursements for this account for fiscal year 2023 were \$1,172,301 and \$1,095,621, respectively.

However, this account is held outside the County Treasurer and is not included in the County's financials. On October 14, 2022, the County Board authorized this Meritain account to hold between \$250,000 and \$350,000; however, the County was not balancing to a set amount each month, and the amount of such account has not been stated in the County Board budget message.

- Meritain Health is the current holder of these funds and had direct access to the bank account to make deposits and to withdraw money without prior approval of the County Board.

Neb. Rev. Stat. § 23-1601(1) (Reissue 2022) 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) says the following, as is relevant:

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 (Reissue 2022) states the following regarding management of County funds and authorized petty cash funds:

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

(2) 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, accounted for in the County financial records, and managed by the County Board, which may authorize use of a petty cash fund for “subsidiary general operational expenditures and purchases.”

Unless the County Board designates the self-insurance bank account as a “petty cash fund” under § 23-106(2), there is no authority for allowing it to be maintained outside the County Treasurer. If the bank account is to be treated as a “petty cash fund” under § 23-106(2), moreover, the County Board budget message should reflect the authorized petty cash amount to ensure compliance with State statute.

Good internal controls and sound accounting practices require procedures to ensure that County funds remain in the custody and care of the County Treasurer – unless the County Board authorizes those monies to be placed in petty cash fund – and accounted for accordingly in the County’s financial records. Furthermore, for any authorized petty cash fund, those same administrative procedures should ensure also that periodic reconciliation and balancing methods are used to verify that such fund is maintained at the authorized amount, and the County Board reimburses the account for actual expenses.

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

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

We recommend the County Board implement procedures to ensure County funds remain in the custody and care of the County Treasurer – unless the County Board authorizes those monies to be placed in a petty cash fund – and accounted for accordingly in the County’s financial records. If the County Board approves such a petty cash fund, we recommend the County implement procedures to ensure the following: (1) the fund is maintained at the authorized amount; (2) a periodic reconciliation to the authorized petty cash amount is performed; (3) the County Board reimburses the account for actual expenses; and (4) the County Board budget message reflects the authorized petty cash balance.

Journal Entries Not Approved by County Board

During the audit, we noted that the following journal entries were made by the County Clerk and County Treasurer to move expenditures, totaling \$1,258,842, to the Road Fund and the COVID American Rescue Plan Act Fund. However, the County Board originally approved these claims out of the Construction Asphalt Fund and General/Road Funds, respectively. No documentation was on file to support that the County Board approved or was aware of this coding change. The following table summarizes these journal entries:

Original Fund	New Fund	Amount
General Fund	COVID American Rescue Plan Act Fund	\$ 76,200
Road Fund	COVID American Rescue Plan Act Fund	231,266
Construction Asphalt Fund	Road Fund	951,376
Total		\$ 1,258,842

Good internal controls require procedures to ensure that journal entries changing the coding originally approved by the County Board also receive County Board approval.

Without such procedures, there is an increased risk for not only financial misstatement but also loss, misuse, or theft of public funds.

We recommend the County implement procedures to ensure journal entries changing the coding originally approved by the County Board also receive County Board approval.

Claims Not Filed Within 90 Days

During our testing, we noted that the following claims, totaling \$3,467, were filed more than 90 days after the underlying expenses were incurred.

Claim	Amount	Invoice Date	Claim Date	Days Between Expense and Claim Date
22110091	\$ 509	06/26/22	11/16/22	143
23030087	962	07/20/22	03/16/23	239
23030087	1,896	07/15/22	03/16/23	244
23030087	100	08/04/22	03/16/23	224
Total	\$ 3,467			

Neb. Rev. Stat. § 23-135(1) (Reissue 2022) states, in relevant part, the following:

All claims against a county shall be filed with the county clerk within ninety days from the time when any materials or labor, which form the basis of the claims, have been furnished or performed . . .

Good internal controls and sound business practices require procedures to ensure that claims against the County are filed with the County Clerk in a timely manner, as required by State statute.

Without such procedure, there is an increased risk of noncompliance with State law.

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

We recommend the County implement procedures to ensure claims against the County are filed in a timely manner, as required by State statute.

Lack of Supporting Documentation

During the audit, we tested three claims, totaling \$31,080, paid to non-profit and private entities to support their operations; however, the County took no subsequent action to ensure that the funds were spent appropriately.

The following table summarizes the payments at issue:

Entity	Amount
O'Neill Chamber of Commerce	\$ 16,830
Stuart Rodeo Association	7,500
Fenian Women's Auxiliary	6,750
Total	\$ 31,080

During fiscal year 2023, the County paid out an additional \$78,538 from the Visitors Promotion Fund and the Visitors Improvement Fund to other non-profits and private businesses.

Good internal controls and sound business practices require procedures to ensure that any entities receiving grant funds expend those public monies for appropriate purposes, and documentation supporting the appropriate expenditure of such funds is maintained by the County.

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

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

We recommend the County Board implement procedures to ensure that any entities receiving grant funds expend those public monies for appropriate purposes, and documentation supporting the appropriate expenditure of such funds is maintained by the County.

COUNTY CLERK

Inappropriate Journal Entry

During the audit, we noted that the County Clerk recorded a journal entry that moved “Transfers Out” amounts to other General Fund functions. This particular journal entry was made because the General Fund’s “Miscellaneous” function, which includes “Transfers Out” amounts, lacked sufficient budget authority as of June 30, 2023. The goal was to move the unspent budget authority in the “Personnel Costs” and “Building and Grounds” functions to the “Miscellaneous” function in the General Fund. It does not appear the County Board approved such journal entry.

Neb. Rev. Stat. § 23-106(1) (Reissue 2022) says, “The county board shall manage the county funds and county business except as otherwise specifically provided.” Additionally, per the County Budget Act of 1937, which is set out at Neb. Rev. Stat. §§ 23-901 to 23-920 (Reissue 2022), the County Board has the responsibility of establishing the annual budget, including the amounts authorized for the various funds, and making any changes thereto.

Per Neb. Rev. Stat. § 23-909 (Reissue 2022), for instance, the County Board must appropriate “the several amounts specified in the budget for the several departments, offices, activities, and funds of the county”

Neb. Rev. Stat. § 23-914(2) (Reissue 2022) allows restrictions upon expenditures to “be exceeded upon the express finding of the county board that expenditures beyond the amount authorized are necessary to enable the county to meet its statutory duties and responsibilities.” That same subsection of statute adds the following:

The finding and approval of the expenditures in excess of the statutory authorization shall be adopted by the county board in open public session of the county board. Expenditures authorized by this subsection shall be charged against appropriations for each individual fund as provided in the budget when adopted

Finally, Neb. Rev. Stat. § 23-919 (Reissue 2022) provides the following, in relevant part:

Any official, employee or member of the county board violating the provisions of sections 23-901 to 23-918, shall be guilty of a Class IV misdemeanor. As part of the judgment of conviction, the court shall forfeit the term and tenure of the office or the employment of the person so convicted and shall order his removal from his said office or employment.

As the above statutes make clear, only the County Board has the authority to manage the funds of the County.

Furthermore, good internal controls require procedures to ensure that the disbursement records for the County Treasurer and County Clerk are compared periodically, and any variances are resolved in a timely manner. Furthermore, those same procedures should ensure also that any reallocation of unspent budget authority is approved by the County Board.

Without such procedures, there is an increased risk for not only financial misstatement, leading to possible loss, theft, or misuse of public funds, but also violation of State statute.

We recommend the implementation of procedures to ensure: 1) the disbursement records for the County Treasurer and County Clerk are compared periodically, and any variances are resolved in a timely manner; and 2) reallocation of unspent budget authority is approved by the County Board.

Bond Principal Coding

During the audit, we noted that the County Clerk miscoded \$1,135,000 in bond principal to bond interest. This amount was adjusted on the financial statements.

Good internal controls require procedures to ensure that transactions are properly coded to provide for the accuracy of accounting records and financial statements.

Without such procedures there is an increased risk of a material financial statement misstatement.

We recommend the County Clerk implement procedures to ensure transactions are properly coded to provide for the accuracy of accounting records and financial statements.

COUNTY SHERIFF

Accounting Procedures

During the audit, we noted the following issues with the County Sheriff's accounting procedures at June 30, 2023:

- The County Sheriff fee account had an unknown long of \$237 as of June 30, 2023. The following table provides details of how this long was calculated:

Office Assets:	
Reconciled Bank Balance	\$ 1,136
Accounts Receivable	149
Total Office Assets	\$ 1,285
Office Liabilities:	
Due to County	\$ 1,048
Total Office Liabilities	\$ 1,048
Unknown Long	\$ 237

- The County Sheriff miscellaneous account had an unknown long of \$24 as of June 30, 2023. The following table provides details of how this long was calculated:

Office Assets:	
Reconciled Bank Balance	\$ 11,110
Total Office Assets	\$ 11,110
Office Liabilities:	
Due to County	\$ 10,936
Due to Others	150
Total Office Liabilities	\$ 11,086
Unknown Long	\$ 24

According to the County Sheriff, moreover, this account had an accounts receivable balance as of June 30, 2023; however, a detailed accounts receivable listing was not provided in a timely manner. This accounts receivable balance would result in the unknown long increasing.

- The inmate commissary account had a short of \$12 as of June 30, 2023. This is due to the County Sheriff's failure to include an outstanding check that did not clear the bank during the fiscal year when reconciling the bank account. The following table provides details of how this short was calculated:

Office Assets:	
Reconciled Bank Balance	\$ 649
Total Office Assets	\$ 649
Office Liabilities:	
Due to County	\$ 520
Due to Others	141
Total Office Liabilities	\$ 661
Known Short	\$ (12)

- The County Sheriff collected \$150 for an execution during fiscal year 2022. This money had not been remitted to the proper recipient as of June 30, 2023.
- The County Sheriff collects retained earning fees, a commission fee for commissary items purchased by County inmates. During the audit, we noted these fees were not remitted to the County Treasurer timely. The County Sheriff collected fees, totaling \$7,465, during fiscal year 2023. Of these fees collected, \$7,034 was remitted to the County Treasurer in June 2023.

Neb. Rev. Stat. § 23-1601(1) (Reissue 2022) 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.

Good internal controls and sound accounting practices require adequate reconciliation and balancing procedures to be utilized, including procedures to verify that office assets (cash on hand, reconciled bank balance, accounts receivable, etc.) agree with office liabilities (fee and trust accounts) on at least a monthly basis, and all funds are remitted to the proper recipient(s) in a timely manner. Those same procedures require fees collected to be remitted to the County Treasurer in a timely manner.

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

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

We recommend the County Sheriff implement procedures to ensure that adequate reconciliation and balancing methods are utilized, including procedures to verify that office assets (cash on hand, reconciled bank balance, accounts receivable, etc.) agree with office liabilities (fee and trust accounts) on at least a monthly basis, and all funds are remitted to the proper recipient(s) in a timely manner. Furthermore, we recommend the County Sheriff implement procedures for remitting fees to the County Treasurer in a timely manner.

COUNTY ATTORNEY

Petty Cash Procedures

During the audit, we noted the following issues with the County Attorney's accounting procedures at June 30, 2023:

- Accurate monthly bank reconciliations, including maintaining an accurate book balance and list of outstanding checks, were not performed for the petty cash account. Furthermore, during the fiscal year, other non-petty cash revenues were deposited into the petty cash account, and no asset-to-liability reconciliation was being performed. Due to this, we noted an unknown cash long of \$837 in the petty cash account as of June 30, 2023. Part of this long was due to a duplicate deposit, totaling \$536, that was made to correct a prior-year deposit error.

- One postage expense for \$60 was submitted as a petty cash reimbursement 127 days after the expense was incurred.
- Two checks cleared the bank for a total of \$10 more than the amounts recorded in the check register.

Neb. Rev. Stat. § 23-106(2) (Reissue 2022) 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.

Neb. Rev. Stat. § 23-135(1) (Reissue 2022) provides the following, in relevant part:

All claims against a county shall be filed with the county clerk within ninety days from the time when any materials or labor, which form the basis of the claims, have been furnished or performed

Additionally, good internal control and sound accounting practices require periodic reconciliation and balancing procedures to be used to ensure that petty cash is maintained at the authorized amount, other revenues are remitted to the County Treasurer in a timely manner, and County funds, such as petty cash reimbursements, are deposited into the correct accounts.

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

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

We recommend the County Attorney utilize periodic reconciliation and balancing methods to ensure that petty cash is maintained at the authorized amount, other revenues are remitted to the County Treasurer in a timely manner, and County funds, such as petty cash reimbursements, are deposited into the correct accounts.

CLERK OF THE DISTRICT COURT

Trust Balance

During testing of the case balances held by the District Court, we noted that a \$4,500 bond held for one case was forfeited on March 14, 2022. However, as of September 25, 2023, the balance was still being held by the District Court.

Good internal control and sound business practices require procedures to ensure that trust balances are reviewed on a regular basis, and those ordered forfeit are resolved in a timely manner.

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

A similar comment was noted in the prior year's report.

We recommend the District Court implement procedures to ensure that trust balances are reviewed on a regular basis, and those ordered forfeit are resolved in a timely manner.

Petty Cash Procedures

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

- The cash held, totaling \$300, was not recorded in JUSTICE, the District Court's accounting system; therefore, the records do not reflect accurately that balance.
- The balance held of \$300 does not agree to the approved petty cash balance of \$225.
- Five petty cash expenses, totaling \$54, were unable to be traced back to the District Court's petty cash log.
- One postage receipt for \$2 was submitted for reimbursement 8 days after the required 90 days from when the expense was incurred.

Neb. Rev. Stat. § 23-106(2) (Reissue 2022) 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.

Neb. Rev. Stat. § 23-135(1) (Reissue 2022) provides the following, in relevant part:

All claims against a county shall be filed with the county clerk within ninety days from the time when any materials or labor, which form the basis of the claims, have been furnished or performed.

Good internal controls and sound accounting practices require procedures to ensure the following: 1) the petty cash balance held is reconciled to the authorized balance, and any variances are resolved in a timely manner; 2) all expenses and reimbursements are submitted, along with adequate supporting documentation, in a timely manner; and 3) all balances held by the office are 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) the petty cash balance held is reconciled to the authorized balance, and any variances are resolved in a timely manner; 2) all expenses and reimbursements are submitted, along with adequate supporting documentation, in a timely manner; and 3) all balances held by the office are recorded accurately in the financial records.

Overdue Case Balances

During the audit, we tested nine balances listed on the Overdue Case Account Report (Report). For four of those balances, totaling \$4,078, the Court failed to take subsequent action, such as the issuance of warrants and/or suspensions or the designation of certain overdue balances as uncollectible, to ensure their timely collection and/or resolution.

As of August 31, 2023, overdue balances, excluding restitution judgments, totaled \$49,978. Of the cases included on the Report, only five were flagged with a current warrant or suspension.

Good internal controls and sound accounting practices require procedures to ensure that the Report is reviewed on an ongoing, timely basis to determine what action should be taken to collect or otherwise address the balances listed therein. Such review and any resulting follow-up action should be adequately documented.

Without such procedures, there is an increased risk of overdue balances either not having proper follow-up action taken timely, resulting in the District Court not collecting all funds owed to it, or having been resolved previously and no longer needing to be reflected as overdue in the accounting system.

We recommend the District Court implement procedures to ensure that the Report is reviewed on an ongoing, timely basis, and such review and any resulting follow-up action is documented adequately. Potential courses of action for follow-up on overdue case balances would include the issuance of warrants, a judge's determination and order to waive certain costs, if allowable, or a designation of certain balances as being uncollectible. If a determination should be made that no further action is necessary on specific balances, we recommend the District Court document both that determination and the reason therefore.

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.

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.

This was also noted in prior audits.

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.

Inventory Statements Not Filed

During the audit, we noted that, contrary to State statute, the 2022 inventory statements for the Juvenile Services and the Planning and Zoning offices were not filed with the County Clerk.

Per the Deputy County Clerk, the inventory for the Planning and Zoning office was to be reported in the Road Department's inventory filing; however, the County could not show which items on the Road Department's inventory statement had previously belonged to the Planning and Zoning office.

Neb. Rev. Stat. § 23-347 (Reissued 2022) requires the annual filing of inventory statements, as follows:

Within two calendar months after the close of each fiscal year, each county officer shall make, acknowledge under oath, and file with the county board of his or her county an inventory statement of all county personal property in the custody and possession of said county officer. The county board in each county shall examine into each inventory statement so filed, and, if said statement is correct and proper in every particular, the county board shall deliver each of said inventory statements to the clerk of the county for filing as a public record in said county clerk's office in a manner convenient for reference.

Good internal controls require procedures to ensure that inventory statements are completed and filed timely with the County Clerk.

Without such procedures there is an increased risk of noncompliance of State statute.

We recommend the County implement procedures to ensure inventory statements are completed and filed timely with the County Clerk.

* * * * *

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 that reads "Dakota Christensen". The signature is written in a cursive, flowing style.

Dakota Christensen, CPA, CISA, CFE
Audit Manager