

**AUDIT REPORT
OF
MERRICK COUNTY**

JULY 1, 2014 THROUGH JUNE 30, 2015

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Issued on April 22, 2016

MERRICK COUNTY

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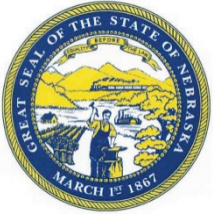
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MERRICK COUNTY

LIST OF COUNTY OFFICIALS

At June 30, 2015

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Roger Wiegert	Board of Supervisors	Jan. 2017
James Helgoth		Jan. 2019
Jim Graves		Jan. 2019
Kent Carlson		Jan. 2019
Russell Kreachbaum		Jan. 2017
Tom Weller		Jan. 2019
Carolyn Kucera		Jan. 2017
Jan Placke	Assessor	Jan. 2019
Lynelle Homolka	Attorney	Jan. 2019
Marcia Wichmann	Clerk Election Commissioner Register of Deeds	Jan. 2019
Theresa Good	Clerk of the District Court	Jan. 2019
Kevin Campbell	Sheriff	Jan. 2019
Patricia Bolte	Treasurer	Jan. 2019
Gary Berry	Veterans' Service Officer	Appointed
Kevin Koziol	Weed Superintendent	Appointed
Michael Meyer	Highway Superintendent Surveyor	Appointed
Thomas Smith	Emergency Manager	Appointed
Jennifer Myers	Planning & Zoning	Appointed



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MERRICK COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Merrick County, Nebraska

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Merrick County, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Discretely Presented Component Unit	Adverse
Major Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Adverse Opinion on the Discretely Presented Component Unit

The financial statements do not include financial data for the County’s legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for that component unit to be reported with the financial data of the County’s primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, net position, receipts, and disbursements of the government-wide financial statements has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on the Discretely Presented Component Unit” paragraph, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of Merrick County, as of June 30, 2015, or the change in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and aggregate remaining fund information of Merrick County, as of June 30, 2015, and the respective changes in cash-basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Emphasis of Matters – Basis of Accounting

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

Report on Supplementary Information


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

The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, pages 20-31, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2016, on our consideration of Merrick County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and considering Merrick County's internal control over financial reporting and compliance.

April 8, 2016


Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

MERRICK COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2015

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 3,637,438
Investments (Note 1.D)	98
TOTAL ASSETS	\$ 3,637,536
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 6,360
911 Emergency Services	176,009
Drug Education	394
Law Enforcement	5,508
Preservation of Records	5,774
Debt Service	144,533
Road Projects	189,753
Unrestricted	3,109,205
TOTAL NET POSITION	\$ 3,637,536

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

MERRICK COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended June 30, 2015

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	\$ (1,811,347)	\$ 330,465	\$ 29,805	\$ (1,451,077)
Public Safety	(919,055)	61,307	39,687	(818,061)
Public Works	(2,275,735)	192,308	1,521,303	(562,124)
Health and Sanitation	(129,969)	-	-	(129,969)
Public Assistance	(67,382)	-	-	(67,382)
Culture and Recreation	(36,847)	-	-	(36,847)
Debt Payments	(18,555)	-	-	(18,555)
Capital Outlay	(36,961)	-	-	(36,961)
Total Governmental Activities	\$ (5,295,851)	\$ 584,080	\$ 1,590,795	(3,120,976)
General Receipts:				
Property Taxes				3,681,080
Grants and Contributions Not Restricted to Specific Programs				412,499
Investment Income				24,265
Licenses and Permits				28,259
Miscellaneous				65,318
Total General Receipts				4,211,421
Increase in Net Position				1,090,445
Net Position - Beginning of year				2,547,091
Net Position - End of year				\$ 3,637,536

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

MERRICK COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
June 30, 2015

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents (Note 1.D)	\$ 568,242	\$ 821,835	\$ 1,519,724	\$ 727,637	\$ 3,637,438
Investments (Note 1.D)	98	-	-	-	98
TOTAL ASSETS	<u>\$ 568,340</u>	<u>\$ 821,835</u>	<u>\$ 1,519,724</u>	<u>\$ 727,637</u>	<u>\$ 3,637,536</u>
FUND BALANCES					
Restricted for:					
Visitor Promotion	-	-	-	6,360	6,360
911 Emergency Services	-	-	-	176,009	176,009
Drug Education	-	-	-	394	394
Law Enforcement	-	-	-	5,508	5,508
Preservation of Records	-	-	-	5,774	5,774
Debt Service	-	-	-	144,533	144,533
Road Projects	-	-	-	189,753	189,753
Committed to:					
Law Enforcement	-	-	-	30,307	30,307
Road Maintenance	-	821,835	-	-	821,835
Aid and Assistance	-	-	-	8,223	8,223
County Buildings	-	-	-	160,776	160,776
Assigned to:					
Other Purposes	-	-	1,519,724	-	1,519,724
Unassigned	568,340	-	-	-	568,340
TOTAL CASH BASIS FUND BALANCES	<u>\$ 568,340</u>	<u>\$ 821,835</u>	<u>\$ 1,519,724</u>	<u>\$ 727,637</u>	<u>\$ 3,637,536</u>

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

MERRICK COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Property Taxes	\$ 3,161,237	\$ -	\$ 316,589	\$ 203,254	\$ 3,681,080
Licenses and Permits	28,259	-	-	-	28,259
Interest	24,265	-	-	-	24,265
Intergovernmental	283,225	1,463,819	-	256,250	2,003,294
Charges for Services	385,998	192,308	-	5,774	584,080
Miscellaneous	27,802	25,151	-	12,365	65,318
TOTAL RECEIPTS	<u>3,910,786</u>	<u>1,681,278</u>	<u>316,589</u>	<u>477,643</u>	<u>6,386,296</u>
DISBURSEMENTS					
General Government	1,743,304	-	58,784	9,259	1,811,347
Public Safety	824,834	-	-	94,221	919,055
Public Works	51,121	2,204,380	-	20,234	2,275,735
Health and Sanitation	129,969	-	-	-	129,969
Public Assistance	67,382	-	-	-	67,382
Culture and Recreation	31,394	-	-	5,453	36,847
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	18,555	18,555
Capital Outlay	-	-	-	36,961	36,961
TOTAL DISBURSEMENTS	<u>2,848,004</u>	<u>2,204,380</u>	<u>58,784</u>	<u>184,683</u>	<u>5,295,851</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,062,782</u>	<u>(523,102)</u>	<u>257,805</u>	<u>292,960</u>	<u>1,090,445</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	370,000	1,000,680	100,000	32,000	1,502,680
Transfers out	(1,032,680)	(100,000)	(370,000)	-	(1,502,680)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(662,680)</u>	<u>900,680</u>	<u>(270,000)</u>	<u>32,000</u>	<u>-</u>
Net Change in Fund Balances	400,102	377,578	(12,195)	324,960	1,090,445
CASH BASIS FUND BALANCES - BEGINNING					
	<u>168,238</u>	<u>444,257</u>	<u>1,531,919</u>	<u>402,677</u>	<u>2,547,091</u>
CASH BASIS FUND BALANCES - ENDING					
	<u>\$ 568,340</u>	<u>\$ 821,835</u>	<u>\$ 1,519,724</u>	<u>\$ 727,637</u>	<u>\$ 3,637,536</u>

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

MERRICK COUNTY
**STATEMENT OF FIDUCIARY ASSETS AND
 LIABILITIES - CASH BASIS**
FIDUCIARY FUNDS
 June 30, 2015

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 1,081,260
 LIABILITIES	
Due to other governments	
State	129,460
Schools	557,069
Educational Service Units	6,272
Technical College	46,136
Natural Resource Districts	16,786
Fire Districts	13,657
Municipalities	50,601
Agricultural Society	9,161
Drainage Districts	3,466
Townships	226,711
Others	21,941
TOTAL LIABILITIES	1,081,260
 TOTAL NET ASSETS	 \$ -

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

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

1. **Summary of Significant Accounting Policies**

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

A. Reporting Entity

Merrick 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.

Component Unit. These financial statements present the County (the primary government). The Litzenberg Memorial County Hospital (Hospital) is a component unit of the County because of the significance of its operational and financial relationships with the County. The financial statements do not include the data of the Hospital necessary for reporting in conformity with generally accepted accounting principles (GAAP). Complete financial statements of the Hospital can be obtained from the Hospital's administrative office.

Joint Organization.

Behavioral Health Region III – 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 III (Region) consists of the following counties: Blaine, Loup, Garfield, Wheeler, Custer, Valley, Greeley, Sherman, Howard, Buffalo, Hall, Phelps, Kearney, Adams, Clay, Furnas, Harlan, Hamilton, Merrick, Franklin, Webster, and Nuckolls.

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 \$16,261 toward the operation of the Region during fiscal year 2015. 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 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 2009, Cum. Supp. 2014).

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 contributed \$27,686 toward the operation of the Department during fiscal year 2015. 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. 2015). Financial information for the Department is available in that report.

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 and the Hospital. 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 County is reported separately from certain legally separate component units for which the primary government is financially accountable.

MERRICK 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.

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

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

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

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Capital Project Funds. The County Sinking Fund accounts for all resources received and used for the acquisition or development of major capital improvements.

Debt Service Fund. The Courthouse Bond 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:

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

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

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

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

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

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

The governmental fund financial statements were also reported on the cash receipt and disbursement basis of accounting. As such, the same measurement focus and basis of accounting were used, as described above. This differs from governmental GAAP, which requires governmental fund financial statements to be reported using the current financial

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 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 2009) and generally include U.S. Government obligations, certificates of deposit, and time deposits and securities, which are authorized by the Nebraska Investment Council.

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

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

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

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 \$528,331 of restricted net position, of which \$383,798 is restricted by enabling legislation.

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

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

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

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 2009).

At year end, the County's carrying amount of deposits was \$3,637,438 for County funds and \$1,081,260 for Fiduciary funds. The bank balances for all funds totaled \$4,769,333. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2015, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

The County's carrying value of investments is stated at cost, which approximates market. Investments consisted of \$98 deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a seven-member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income that has accrued to each participant is converted as of the close of business of each calendar month into additional units, which thereafter are held in each participant's trust account. Since net income of the fund is allocated among participants each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name.

3. **Property Taxes**

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

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

The levy set in October 2014, for the 2014 taxes, which will be materially collected in May and September 2015, was set at \$.215986/\$100 of assessed valuation. The levy set in October 2013, for the 2013 taxes, which were materially collected in May and September 2014, was set at \$.236445/\$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 (the Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2012, Cum. Supp. 2014, Supp. 2015) and may be amended through legislative action.

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

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.

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, 2015, 73 employees contributed \$84,007, and the County contributed \$124,849. Contributions included \$2,322 in cash contributions towards the supplemental law enforcement plan for six law enforcement employees. Lastly, the County paid \$1,824 directly to 12 retired employees for prior service benefits.

5. **Risk Management**

The County is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association (NIRMA), a public entity risk pool currently operating as a common risk management and insurance program for 80 counties throughout Nebraska.

The County pays an annual deposit premium, as calculated by the administrator of the pool. The premium is based on the losses and exposures of each County and the entire pool. If the pool becomes insolvent or otherwise unable to discharge its legal liabilities and obligations, the County may be assessed by the Board for an additional contribution equal to its contribution for the current fiscal year, divided by the contribution of all

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

5. Risk Management (Concluded)

participants for such year, times the amount of such deficiency. Each such assessment, and the manner of calculating the same, is sent to each county in writing, and each county has 60 days in which to pay the amount of such assessment. Each county remains liable for such assessments, regardless of such county's withdrawal from participation or the termination of the agreement, as well as for liabilities of the pool incurred during such county's period of membership.

The agreement with NIRMA requires the risk pool to provide coverage for up to a maximum amount per occurrence and purchase commercial insurance for claims in excess of coverage provided. In the event of a liability exceeding the commercial insurance, the County would be responsible for funding the excess amount.

	NIRMA Coverage	Maximum Coverage
General Liability Claim	\$ 300,000	\$ 5,000,000
Workers' Compensation Claim	\$ 550,000	Statutory Limits
Property Damage Claim	\$ 250,000	Insured Value at Replacement Cost

The County has not paid any additional assessments to the pool in the last three fiscal years, and no assessments are anticipated for fiscal year 2016. The County has not had to pay out any amounts that exceeded coverage provided by the pool in the last three fiscal years.

6. Interfund Transfers

Interfund transfers for the year ended June 30, 2015, consisted of the following:

<u>Transfers to</u>	Transfers from			Total
	General Fund	Inheritance Fund	Road Fund	
General Fund	\$ -	\$ 370,000	\$ -	\$ 370,000
Inheritance Fund	-	-	100,000	100,000
Road Fund	1,000,680	-	-	1,000,680
Nonmajor Funds	32,000	-	-	32,000
Total	<u>\$ 1,032,680</u>	<u>\$ 370,000</u>	<u>\$ 100,000</u>	<u>\$ 1,502,680</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. Transfers from the Road Fund to the Inheritance Fund were to repay a previous year loan.

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

7. Contingent Liabilities

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

8. Long-Term Debt

The County issued bonds on May 24, 2011, in the amount of \$1,600,000 for the purpose of paying the costs of refunding Series 2006 Bonds, which were issued for paying the cost of constructing and equipping an addition to the courthouse. The bond payable balance, as of June 30, 2015, was \$1,290,000. 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
2016	\$ 105,000	\$ 36,343	\$ 141,343
2017	105,000	34,690	139,690
2018	110,000	32,642	142,642
2019	115,000	30,079	145,079
2020	115,000	27,089	142,089
2021-2025	625,000	78,781	703,781
2026	115,000	2,243	117,243
Total Payments	\$ 1,290,000	\$ 241,867	\$ 1,531,867

On February 18, 2016, the County issued bonds in the amount of \$1,120,000 for the purpose of refunding the Series 2011 bonds discussed above. The future payments schedule reflects only the activity as of June 30, 2015, and, therefore, is not affected by the new issuance.

Additionally, the County issued bonds on October 13, 2015, in the amount of \$2,000,000 for the purpose of paying the costs of constructing, equipping, and making site preparations for a County building to be used as a 4-H Center for the County and making related improvements.

9. Hospital Bond

In June 2004, Series 2004 general obligation bonds in the amount of \$2,250,000 were issued by the Litzenberg Memorial County Hospital (Hospital) with the proceeds to be used to cover the costs of renovation and improvements to the Hospital. As the bonds are general obligation bonds of the County, the County has the authority to levy additional ad valorem taxes, if necessary, to make the required principal and interest payments on the bonds in the event the Hospital cannot meet the debt service obligation. As of June 30, 2015, no additional taxes have been levied by the County. The balance of bonds payable at June 30, 2015, was \$1,235,000. Full disclosure of the liability can be found in the separately issued Hospital audit report.

MERRICK COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 3,268,180	\$ 3,268,180	\$ 3,161,237	\$ (106,943)
Licenses and Permits	28,955	28,955	28,259	(696)
Interest	17,000	17,000	24,265	7,265
Intergovernmental	125,034	125,034	283,225	158,191
Charges for Services	379,805	379,805	385,998	6,193
Miscellaneous	4,525	4,525	27,802	23,277
TOTAL RECEIPTS	<u>3,823,499</u>	<u>3,823,499</u>	<u>3,910,786</u>	<u>87,287</u>
DISBURSEMENTS				
General Government:				
County Board	98,450	98,450	93,263	5,187
County Clerk	150,271	150,271	134,521	15,750
County Treasurer	142,943	142,943	113,554	29,389
County Assessor	129,657	129,657	112,822	16,835
Election Commissioner	39,335	39,335	24,311	15,024
Building and Zoning	29,869	29,869	27,858	2,011
Clerk of the District Court	93,142	93,142	85,831	7,311
County Court System	9,600	9,600	9,591	9
Building and Grounds	126,550	126,550	101,403	25,147
Reappraisal	65,590	65,590	42,791	22,799
Agricultural Extension Agent	95,650	95,650	95,458	192
Child Support	14,460	14,460	12,364	2,096
Miscellaneous	953,679	953,679	889,537	64,142
Public Safety				
County Sheriff	470,979	470,979	417,242	53,737
County Attorney	158,809	158,809	146,335	12,474
Communication Center	160,880	160,880	153,206	7,674
County Jail	98,500	98,500	61,429	37,071
Emergency Management	20,254	20,254	10,833	9,421
Civil Process	940	940	117	823
Miscellaneous	37,555	37,555	35,672	1,883
Public Works				
County Surveyor	40,500	40,500	34,391	6,109
Miscellaneous	17,500	17,500	16,730	770
Public Health				
Miscellaneous	137,686	137,686	129,969	7,717
Public Assistance				
Veterans' Service Officer	33,510	33,510	28,523	4,987
Miscellaneous	51,128	51,128	38,859	12,269
Culture and Recreation				
Miscellaneous	31,800	31,800	31,394	406
TOTAL DISBURSEMENTS	<u>3,209,237</u>	<u>3,209,237</u>	<u>2,848,004</u>	<u>361,233</u>

MERRICK COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	614,262	614,262	1,062,782	448,520
OTHER FINANCING SOURCES (USES)				
Transfers in	250,000	250,000	370,000	120,000
Transfers out	(1,027,000)	(1,027,000)	(1,032,680)	(5,680)
TOTAL OTHER FINANCING SOURCES (USES)	(777,000)	(777,000)	(662,680)	114,320
Net Change in Fund Balance	(162,738)	(162,738)	400,102	562,840
FUND BALANCE - BEGINNING	162,738	162,738	168,238	5,500
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 568,340</u>	<u>\$ 568,340</u>

(Concluded)

MERRICK COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 1,374,077	\$ 1,374,077	\$ 1,463,819	\$ 89,742
Charges for Services	192,500	192,500	192,308	(192)
Miscellaneous	37,500	37,500	25,151	(12,349)
TOTAL RECEIPTS	<u>1,604,077</u>	<u>1,604,077</u>	<u>1,681,278</u>	<u>77,201</u>
DISBURSEMENTS	<u>3,043,334</u>	<u>3,043,334</u>	<u>2,204,380</u>	<u>838,954</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(1,439,257)</u>	<u>(1,439,257)</u>	<u>(523,102)</u>	<u>916,155</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	995,000	995,000	1,000,680	5,680
Transfers out	-	-	(100,000)	(100,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>995,000</u>	<u>995,000</u>	<u>900,680</u>	<u>(94,320)</u>
Net Change in Fund Balance	(444,257)	(444,257)	377,578	821,835
FUND BALANCE - BEGINNING	444,257	444,257	444,257	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 821,835</u>	<u>\$ 821,835</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 5,000	\$ 5,000	\$ 316,589	\$ 311,589
TOTAL RECEIPTS	<u>5,000</u>	<u>5,000</u>	<u>316,589</u>	<u>311,589</u>
DISBURSEMENTS	<u>1,286,919</u>	<u>1,286,919</u>	<u>58,784</u>	<u>1,228,135</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(1,281,919)</u>	<u>(1,281,919)</u>	<u>257,805</u>	<u>1,539,724</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	100,000	100,000
Transfers out	(250,000)	(250,000)	(370,000)	(120,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(250,000)</u>	<u>(250,000)</u>	<u>(270,000)</u>	<u>(20,000)</u>
Net Change in Fund Balance	(1,531,919)	(1,531,919)	(12,195)	1,519,724
FUND BALANCE - BEGINNING	1,531,919	1,531,919	1,531,919	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,519,724</u>	<u>\$ 1,519,724</u>

MERRICK COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
STREET ROAD BUYBACK FUND				
Receipts	\$ 189,220	\$ 189,220	\$ 189,753	\$ 533
Disbursements	(189,220)	(189,220)	-	189,220
Net Change in Fund Balance	-	-	189,753	189,753
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ 189,753	\$ 189,753
VISITOR'S PROMOTION FUND				
Receipts	\$ 3,803	\$ 3,803	\$ 5,616	\$ 1,813
Disbursements	(10,000)	(10,000)	(5,453)	4,547
Net Change in Fund Balance	(6,197)	(6,197)	163	6,360
Fund Balance - Beginning	6,197	6,197	6,197	-
Fund Balance - Ending	\$ -	\$ -	\$ 6,360	\$ 6,360
PRESERVATION & MODERNIZATION FUND				
Receipts	\$ 6,000	\$ 6,000	\$ 5,774	\$ (226)
Disbursements	(15,259)	(15,259)	(9,259)	6,000
Net Change in Fund Balance	(9,259)	(9,259)	(3,485)	5,774
Fund Balance - Beginning	9,259	9,259	9,259	-
Fund Balance - Ending	\$ -	\$ -	\$ 5,774	\$ 5,774
VETERANS' RELIEF FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(8,223)	(8,223)	-	8,223
Net Change in Fund Balance	(8,223)	(8,223)	-	8,223
Fund Balance - Beginning	8,223	8,223	8,223	-
Fund Balance - Ending	\$ -	\$ -	\$ 8,223	\$ 8,223
JUVENILE DIVERSION FUND				
Receipts	\$ 76,164	\$ 76,164	\$ 58,096	\$ (18,068)
Disbursements	(111,885)	(111,885)	(75,954)	35,931
Transfers in	32,000	32,000	32,000	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(3,721)	(3,721)	14,142	17,863
Fund Balance - Beginning	3,721	3,721	3,721	-
Fund Balance - Ending	\$ -	\$ -	\$ 17,863	\$ 17,863

MERRICK COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
STOP PROGRAM FUND				
Receipts	\$ 1,500	\$ 1,500	\$ 1,675	\$ 175
Disbursements	(13,471)	(13,471)	(6,360)	7,111
Net Change in Fund Balance	(11,971)	(11,971)	(4,685)	7,286
Fund Balance - Beginning	11,971	11,971	11,971	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,286</u>	<u>\$ 7,286</u>
DRUG LAW ENFORCEMENT FUND				
Receipts	\$ 4,166	\$ 4,166	\$ -	\$ (4,166)
Disbursements	(4,560)	(4,560)	-	4,560
Net Change in Fund Balance	(394)	(394)	-	394
Fund Balance - Beginning	394	394	394	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 394</u>	<u>\$ 394</u>
DARE FUND				
Receipts	\$ 718	\$ 718	\$ 4,000	\$ 3,282
Disbursements	(2,507)	(2,507)	(1,252)	1,255
Net Change in Fund Balance	(1,789)	(1,789)	2,748	4,537
Fund Balance - Beginning	1,789	1,789	1,789	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,537</u>	<u>\$ 4,537</u>
CANINE FUND				
Receipts	\$ 199	\$ 199	\$ 290	\$ 91
Disbursements	(530)	(530)	-	530
Net Change in Fund Balance	(331)	(331)	290	621
Fund Balance - Beginning	331	331	331	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 621</u>	<u>\$ 621</u>
JUVENILE SERVICE GRANT FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(5,508)	(5,508)	-	5,508
Net Change in Fund Balance	(5,508)	(5,508)	-	5,508
Fund Balance - Beginning	5,508	5,508	5,508	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,508</u>	<u>\$ 5,508</u>

(Continued)

MERRICK COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
911 WIRELESS SERVICE FUND				
Receipts	\$ 23,719	\$ 23,719	\$ 50,089	\$ 26,370
Disbursements	(35,000)	(35,000)	(10,655)	24,345
Transfers in	-	-	-	-
Transfers out	(33,843)	(33,843)	-	33,843
Net Change in Fund Balance	(45,124)	(45,124)	39,434	84,558
Fund Balance - Beginning	45,124	45,124	45,124	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,558</u>	<u>\$ 84,558</u>
911 WIRELESS SERVICE HOLDING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(33,843)	(33,843)	-	33,843
Transfers in	33,843	33,843	-	(33,843)
Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
COURTHOUSE BOND FUND				
Receipts	\$ 85,940	\$ 85,940	\$ 104,519	\$ 18,579
Disbursements	(144,509)	(144,509)	(18,555)	125,954
Net Change in Fund Balance	(58,569)	(58,569)	85,964	144,533
Fund Balance - Beginning	58,569	58,569	58,569	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,533</u>	<u>\$ 144,533</u>
COUNTY SINKING FUND				
Receipts	\$ 725	\$ 725	\$ 33,073	\$ 32,348
Disbursements	(165,389)	(165,389)	(36,961)	128,428
Net Change in Fund Balance	(164,664)	(164,664)	(3,888)	160,776
Fund Balance - Beginning	164,664	164,664	164,664	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160,776</u>	<u>\$ 160,776</u>

(Continued)

MERRICK COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
911 EMERGENCY SERVICE FUND				
Receipts	\$ 30,690	\$ 30,690	\$ 24,758	\$ (5,932)
Disbursements	(43,500)	(43,500)	(20,234)	23,266
Net Change in Fund Balance	(12,810)	(12,810)	4,524	17,334
Fund Balance - Beginning	86,927	86,927	86,927	-
Fund Balance - Ending	<u>\$ 74,117</u>	<u>\$ 74,117</u>	<u>\$ 91,451</u>	<u>\$ 17,334</u>
EQUIPMENT RESERVE FUND				
Receipts	\$ 8,000	\$ 8,000	\$ -	\$ (8,000)
Disbursements	(8,000)	(8,000)	-	8,000
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Concluded)

MERRICK COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	Street Road Buyback Fund	Visitor's Promotion Fund	Preservation & Modernization Fund	Veterans' Relief Fund	Juvenile Diversion Fund
RECEIPTS					
Property Taxes	\$ -	\$ 5,616	\$ -	\$ -	\$ -
Intergovernmental	189,753	-	-	-	58,096
Charges for Services	-	-	5,774	-	-
Miscellaneous	-	-	-	-	-
TOTAL RECEIPTS	<u>189,753</u>	<u>5,616</u>	<u>5,774</u>	<u>-</u>	<u>58,096</u>
DISBURSEMENTS					
General Government	-	-	9,259	-	-
Public Safety	-	-	-	-	75,954
Public Works	-	-	-	-	-
Culture and Recreation	-	5,453	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Projects	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>5,453</u>	<u>9,259</u>	<u>-</u>	<u>75,954</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>189,753</u>	<u>163</u>	<u>(3,485)</u>	<u>-</u>	<u>(17,858)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	32,000
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,000</u>
Net Change in Fund Balances	189,753	163	(3,485)	-	14,142
FUND BALANCES - BEGINNING	<u>-</u>	<u>6,197</u>	<u>9,259</u>	<u>8,223</u>	<u>3,721</u>
FUND BALANCES - ENDING	<u>\$ 189,753</u>	<u>\$ 6,360</u>	<u>\$ 5,774</u>	<u>\$ 8,223</u>	<u>\$ 17,863</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	6,360	-	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	5,774	-	-
Debt Service	-	-	-	-	-
Road Projects	189,753	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	17,863
Aid and Assistance	-	-	-	8,223	-
County Buildings	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 189,753</u>	<u>\$ 6,360</u>	<u>\$ 5,774</u>	<u>\$ 8,223</u>	<u>\$ 17,863</u>

(Continued)

MERRICK COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	STOP Program Fund	Drug Law Enforcement Fund	DARE Fund	Canine Fund	Juvenile Service Grant Fund
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,675	-	-	-	-
Charges for Services	-	-	-	-	-
Miscellaneous	-	-	4,000	290	-
TOTAL RECEIPTS	<u>1,675</u>	<u>-</u>	<u>4,000</u>	<u>290</u>	<u>-</u>
DISBURSEMENTS					
General Government	-	-	-	-	-
Public Safety	6,360	-	1,252	-	-
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Projects	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>6,360</u>	<u>-</u>	<u>1,252</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(4,685)</u>	<u>-</u>	<u>2,748</u>	<u>290</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(4,685)	-	2,748	290	-
FUND BALANCES - BEGINNING	<u>11,971</u>	<u>394</u>	<u>1,789</u>	<u>331</u>	<u>5,508</u>
FUND BALANCES - ENDING	<u>\$ 7,286</u>	<u>\$ 394</u>	<u>\$ 4,537</u>	<u>\$ 621</u>	<u>\$ 5,508</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	394	-	-	-
Law Enforcement	-	-	-	-	5,508
Preservation of Records	-	-	-	-	-
Debt Service	-	-	-	-	-
Road Projects	-	-	-	-	-
Committed to:					
Law Enforcement	7,286	-	4,537	621	-
Aid and Assistance	-	-	-	-	-
County Buildings	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 7,286</u>	<u>\$ 394</u>	<u>\$ 4,537</u>	<u>\$ 621</u>	<u>\$ 5,508</u>

(Continued)

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

For the Year Ended June 30, 2015

	911 Wireless Service Fund	Courthouse Bond Fund	County Sinking Fund	911 Emergency Service Fund	Total Nonmajor Governmental Funds
RECEIPTS					
Property Taxes	\$ 50,089	\$ 98,055	\$ 24,736	\$ 24,758	\$ 203,254
Intergovernmental	-	6,464	262	-	256,250
Charges for Services	-	-	-	-	5,774
Miscellaneous	-	-	8,075	-	12,365
TOTAL RECEIPTS	<u>50,089</u>	<u>104,519</u>	<u>33,073</u>	<u>24,758</u>	<u>477,643</u>
DISBURSEMENTS					
General Government	-	-	-	-	9,259
Public Safety	10,655	-	-	-	94,221
Public Works	-	-	-	20,234	20,234
Culture and Recreation	-	-	-	-	5,453
Interest and Fiscal Charges	-	18,555	-	-	18,555
Capital Projects	-	-	36,961	-	36,961
TOTAL DISBURSEMENTS	<u>10,655</u>	<u>18,555</u>	<u>36,961</u>	<u>20,234</u>	<u>184,683</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>39,434</u>	<u>85,964</u>	<u>(3,888)</u>	<u>4,524</u>	<u>292,960</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	32,000
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,000</u>
Net Change in Fund Balances	39,434	85,964	(3,888)	4,524	324,960
FUND BALANCES - BEGINNING	<u>45,124</u>	<u>58,569</u>	<u>164,664</u>	<u>86,927</u>	<u>402,677</u>
FUND BALANCES - ENDING	<u>\$ 84,558</u>	<u>\$ 144,533</u>	<u>\$ 160,776</u>	<u>\$ 91,451</u>	<u>\$ 727,637</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	6,360
911 Emergency Services	84,558	-	-	91,451	176,009
Drug Education	-	-	-	-	394
Law Enforcement	-	-	-	-	5,508
Preservation of Records	-	-	-	-	5,774
Debt Service	-	144,533	-	-	144,533
Road Projects	-	-	-	-	189,753
Committed to:					
Law Enforcement	-	-	-	-	30,307
Aid and Assistance	-	-	-	-	8,223
County Buildings	-	-	160,776	-	160,776
TOTAL FUND BALANCES	<u>\$ 84,558</u>	<u>\$ 144,533</u>	<u>\$ 160,776</u>	<u>\$ 91,451</u>	<u>\$ 727,637</u>

(Concluded)

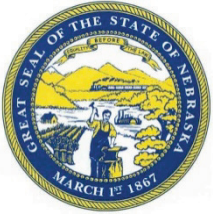
MERRICK COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2015

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Highway Superintendent	Veterans' Service Officer	County Surveyor	County Extension	County Planning and Zoning	Total
BALANCES JULY 1, 2014	\$ 10,673	\$ 44,541	\$ 13,799	\$ 20	\$ 230,983	\$ 776	\$ 8,403	\$ 2,000	\$ -	\$ 311,195
RECEIPTS										
Property Taxes	-	-	-	-	-	-	-	-	-	-
Licenses and Permits	465	-	865	-	-	-	-	-	1,865	3,195
Intergovernmental	-	-	-	-	142,341	-	-	-	-	142,341
Charges for Services	62,878	7,902	25,283	22,581	14,867	-	18,779	-	-	152,290
Miscellaneous	-	-	356	73	-	-	-	-	-	429
State Fees	76,475	13,107	-	-	539	-	-	-	-	90,121
Other Liabilities	-	169,882	153,545	9,876	-	-	-	-	-	333,303
TOTAL RECEIPTS	139,818	190,891	180,049	32,530	157,747	-	18,779	-	1,865	721,679
DISBURSEMENTS										
Payments to County Treasurer	62,652	8,473	32,938	22,604	351,479	-	18,530	-	1,865	498,541
Payments to State Treasurer	69,773	13,263	-	-	539	-	-	-	-	83,575
Other Liabilities	-	197,394	147,440	9,876	-	-	-	-	-	354,710
TOTAL DISBURSEMENTS	132,425	219,130	180,378	32,480	352,018	-	18,530	-	1,865	936,826
BALANCES JUNE 30, 2015	\$ 18,066	\$ 16,302	\$ 13,470	\$ 70	\$ 36,712	\$ 776	\$ 8,652	\$ 2,000	\$ -	\$ 96,048
BALANCES CONSIST OF:										
Due to County Treasurer	\$ 8,303	\$ 338	\$ 4,938	\$ 70	\$ 36,712	\$ 776	\$ 8,652	\$ -	\$ -	\$ 59,789
Petty Cash	1,100	-	500	-	-	-	-	2,000	-	3,600
Due to State Treasurer	8,663	904	-	-	-	-	-	-	-	9,567
Due to Others	-	15,060	8,032	-	-	-	-	-	-	23,092
BALANCES JUNE 30, 2015	\$ 18,066	\$ 16,302	\$ 13,470	\$ 70	\$ 36,712	\$ 776	\$ 8,652	\$ 2,000	\$ -	\$ 96,048

MERRICK COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2015

Item	2010	2011	2012	2013	2014
Tax Certified by Assessor					
Real Estate	\$ 14,299,033	\$ 15,140,592	\$ 15,575,876	\$ 17,732,188	\$ 19,481,316
Personal and Specials	1,955,319	1,442,935	1,416,687	1,551,822	1,502,757
Total	16,254,352	16,583,527	16,992,563	19,284,010	20,984,073
Corrections					
Additions	28,302	9,859	7,486	2,592	9,219
Deductions	(54,103)	(1,269)	(2,403)	(275,372)	(5,857)
Net Additions/ (Deductions)	(25,801)	8,590	5,083	(272,780)	3,362
Corrected Certified Tax	16,228,551	16,592,117	16,997,646	19,011,230	20,987,435
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2011	9,496,038	-	-	-	-
June 30, 2012	6,718,218	9,961,699	-	-	-
June 30, 2013	10,963	6,601,357	10,266,367	-	-
June 30, 2014	713	14,386	6,706,483	11,589,152	-
June 30, 2015	216	3,027	14,052	7,403,656	13,182,577
Total Net Collections	16,226,148	16,580,469	16,986,902	18,992,808	13,182,577
Total Uncollected Tax	\$ 2,403	\$ 11,648	\$ 10,744	\$ 18,422	\$ 7,804,858
Percentage Uncollected Tax	0.01%	0.07%	0.06%	0.10%	37.19%

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



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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MERRICK 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
Merrick 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 Merrick County, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Merrick County's basic financial statements, and have issued our report thereon dated April 8, 2016. The report notes the financial statements were prepared on the basis of cash receipts and disbursements and do not include the financial data of the Merrick County Hospital, a component unit of Merrick County.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Additional Items


We also noted certain matters that we reported to the management of Merrick County in a separate letter dated April 8, 2016.

Merrick County's Response to Findings

Merrick County declined to respond to the finding described above.

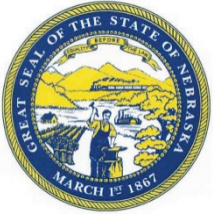
Purpose of this Report

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



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

April 8, 2016



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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April 8, 2016

Board of Supervisors
Merrick County, Nebraska

Dear Supervisors:

We have audited the basic financial statements of Merrick County (County) for the fiscal year ended June 30, 2015, and have issued our report thereon dated April 8, 2016. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

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

COUNTY OVERALL

Segregation of Duties

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

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

Insufficient Pledged Collateral

Neb. Rev. Stat. § 77-2395 (Reissue 2009) states, in relevant part, the following:

[T]he custodial official shall not have on deposit in such depository any public money or public funds in excess of the amount insured or guaranteed by the Federal Deposit Insurance Corporation [FDIC], unless and until the depository has furnished to the custodial official securities, the market value of which are in an amount not less than one hundred two percent of the amount on deposit which is in excess of the amount so insured or guaranteed.

During the audit period, we noted deposits at two County banks were not fully insured by the FDIC or additional securities. Multiple accounts are maintained at these banks by the County Board and the County Treasurer.

- Central Bank was uncollateralized for 56 days ranging from \$34,657 to \$2,448,211.
- Pinnacle Bank was uncollateralized for 8 days ranging from \$16,109 to \$474,300.

When deposits are not fully secured at all times, the County is not in compliance with State statute, and there is an increased risk of loss should financial institutions holding County deposits fail.

We recommend the County Treasurer and County Board implement procedures to ensure bank accounts are adequately collateralized at all times.

Accounts Receivable

Sound accounting practice and good internal controls require procedures to be in place to maintain complete and adequate records, including the review of overdue accounts receivable on a regular basis to determine what action should be taken on those accounts.

During our audit, we noted numerous delinquent accounts receivable, which remained uncollected at June 30, 2015:

- County Highway Department had 10 accounts receivable, totaling \$1,808, which were over two years old.
- County Surveyor had 35 accounts receivable, totaling \$4,671, which were over two years old.

Without a regular review of overdue accounts receivable, there is an increased risk delinquent amounts will not be collected and/or resolved in a timely manner. This issue was noted in prior audit reports.

We recommend the County Highway Department and County Surveyor implement procedures that include, at a minimum, an annual discussion with the County Board to consider the feasibility of collection and/or the need for write-off approval if accounts receivable appear to be uncollectible.

COUNTY TREASURER

Motor Vehicle Pro-Rate Distributions

Neb. Rev. Stat. § 60-3,202(3) (Cum. Supp. 2014) states the following:

Upon receipt of motor vehicle tax funds from the State Treasurer, the county treasurer shall distribute such funds to taxing agencies within the county in the same proportion that the levy of each such taxing agency bears to the total of such levies of all taxing agencies in the county.

During testing, it was noted that the 2014 Motor Vehicle Pro-Rate funds were distributed based on tax levy rates rather than taxes levied, resulting in subdivisions receiving an incorrect distribution. The table below shows the subdivisions and the amount of incorrect distributions of motor vehicle pro-rate for the fiscal year:

Description	Amount	Description	Amount
County Funds	\$ (4,779)	Midland Township	\$ 80
Agricultural Society	\$ (544)	Prairie Island Township	\$ 53
Central Community College	\$ (2,444)	Silver Township	\$ 43
Central Platte NRD	\$ (846)	School District #1	\$ 3,862
Lower Loup NRD	\$ 81	School District #2	\$ 5,219
ESU #7	\$ (279)	School District #30	\$ 1,973
Central City	\$ 1,040	School District #4	\$ (9,365)
Chapman	\$ 819	School District #49	\$ 1,860
Clarks	\$ 1,635	School District #75	\$ (2,581)
Palmer	\$ 1,187	School District #82	\$ 1,021
Silver Creek	\$ 1,985	School District #9	\$ (322)
Central City Fire	\$ (296)	Multiple Subdivisions**	\$ 78
Chapman Fire	\$ (43)		
Platte Valley Fire	\$ 258		
Grand Island Fire	\$ 59		
Wolbach Fire	\$ 178		
Central Township	\$ 54		
Chapman Township	\$ (45)		
Mead Township	\$ 59		

* Negative figures represent underpayments to those funds while positive figures indicate overpayments.

** This contains eight funds that had variances of less than \$30.

When tax distributions are not correct, political subdivisions do not receive the appropriate amount of funding.

We recommend the County Treasurer correct the erroneous distributions and implement procedures to ensure all distributions are correctly calculated in the future.

COUNTY CLERK

Balancing Procedures

During review of the County Clerk's office, we noted the following:

- Deposits into the fee checking account were \$442 higher than receipts issued during the fiscal year. At June 30, 2015, the bank account had \$1,108 long that could not be identified.
- The office does not maintain an accurate book balance of the fee checking account, as only deposits are recorded on the check register.
- Complete and accurate bank reconciliations were not performed on a monthly basis for the fee checking account or the imprest checking account.
- The imprest bank account had an excess amount of \$15,821 at June 30, 2015, consisting of voided checks, totaling \$12,424, and an unknown variance of \$3,396.

Sound accounting practices and good internal control require procedures to be in place to ensure office records reconcile with bank activity on at least a monthly basis. Reconciliation procedures should include the timely identification and resolution of all variances noted. Failure to perform accurate and timely bank reconciliations and appropriately account for receipts leaves the County susceptible to intentional and/or unintentional errors or omissions and increases the risk of loss, theft, or misuse.

We recommend the County Clerk maintain adequate records at all times to support balances and complete accurate monthly bank reconciliations.

COUNTY SHERIFF

Balancing and Reconciliation Procedures

We noted the following during our audit:

- A complete and accurate bank reconciliation had not been completed from July 2014 to December 2015. Due to this lack of reconciliation, an accurate book balance could not be provided.
- Activity remitted to the Treasurer and deposited into the bank account was not properly supported by receipts. We noted \$625 worth of money received for which receipts were not written and \$85 of receipts written that could not be traced to a deposit.
- As of June 30, 2015, records indicate a long of \$122.

Sound accounting practices and good internal control require procedures to be in place to ensure adequate reconciliation and balancing procedures are followed. Procedures should include a reconciliation of office records to bank activity, on at least a monthly basis. Reconciliation and balancing procedures should include the timely identification and resolution of all variances noted and documentation to support balances.

When documentation is not maintained to support balancing procedures, there is an increased risk of loss, theft, or misuse of funds allowing errors to go undetected more easily.

We recommend the County Sheriff implement procedures to ensure adequate records are being maintained and reconciled in a timely manner.

Bond Remittance Procedures

Sound accounting practices and good internal control require procedures to be in place to ensure all monies received are promptly and properly remitted to the appropriate parties.

During the fiscal year, we noted the following:

- Twelve bonds, totaling \$12,549, were not paid to the Court in a timely manner, with remittances ranging from 8 business days to 167 business days after receipt.
- A \$1,500 bond was not receipted at the time of the defendant's release from custody, causing the bond to be remitted to the Court 11 business days after release.
- In one traffic case, court costs of \$123 were not remitted to the Court until 105 business days after receipt. This lack of remittance resulted in the Court suspending the defendant's driver's license due to non-payment.

As a result of the findings, additional testing was completed for the period of July 1, 2015, through December 2015. During this testing, we noted the following:

- Four bonds, totaling \$4,250, were not paid to the Court in a timely manner, with remittance ranging from 8 business days to 36 business days after receipt.
- A \$1,000 bond was not receipted at the time of the defendant's release from custody, causing the bond to be remitted to the Court 11 business days after release.
- One child support payment in the amount of \$400 was not remitted timely, with payment made 10 business days after receipt of the money.
- One bond, totaling \$250, was not receipted by the Sheriff's Office.
- In one criminal case, court costs of \$73 were not remitted until 34 business days after receipt.

When monies received by the Sheriff's office are not promptly and properly remitted to the appropriate parties, there is an increased risk of loss, theft, or misuse of funds.

We recommend the County Sheriff implement procedures to ensure all bond and court-related monies are accurately recorded and remitted to the appropriate parties in a timely manner.

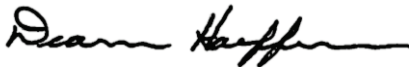
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It should be noted this report is critical in nature, as it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any strong features of the County.

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. The County declined to respond.

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

Sincerely,



Deann Haeffner
Assistant Deputy Auditor