

**AUDIT REPORT  
OF  
MERRICK COUNTY**

**JULY 1, 2016, THROUGH JUNE 30, 2017**

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the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original  
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**Issued on May 3, 2018**

MERRICK COUNTY

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MERRICK COUNTY  
1510 18<sup>th</sup> St.  
Central City, NE 68826

**LIST OF COUNTY OFFICIALS**  
At June 30, 2017

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Supervisors	Roger Wiegert	Jan. 2021
	Jim Graves	Jan. 2019
	Kent Carlson	Jan. 2019
	James Helgoth	Jan. 2019
	Russell Kreachbaum	Jan. 2021
	Carolyn Kucera	Jan. 2021
	Tom Weller	Jan. 2019
Assessor	Jan Placke	Jan. 2019
Attorney	Lynelle Homolka	Jan. 2019
Clerk Election Commissioner Register of Deeds	Marcia Wichmann	Jan. 2019
Clerk of the District Court	Theresa Good	Jan. 2019
Sheriff	John Westman	Jan. 2019
Treasurer	Patricia Bolte	Jan. 2019
Veterans' Service Officer	Tom Reimers	Appointed
Weed Superintendent	Kevin Koziol	Appointed
Highway Superintendent Surveyor	Michael Meyer	Appointed
Emergency Manager	Thomas Smith	Appointed
Planning and Zoning	Jennifer Myers	Appointed



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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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, 2017, 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**

<b>Opinion Unit</b>	<b>Type of Opinion</b>
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, 2017, 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, 2017, 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 20-33, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2018, 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 24, 2018



Deann Haeffner, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska

MERRICK COUNTY  
**STATEMENT OF NET POSITION - CASH BASIS**  
 June 30, 2017

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents (Note 1.D)	\$ 3,448,200
Investments (Note 1.D)	98
<b>TOTAL ASSETS</b>	<b>\$ 3,448,298</b>
<b>NET POSITION</b>	
Restricted for:	
Visitor Promotion	\$ 9,245
911 Emergency Services	251,554
Drug Education	4,499
Law Enforcement	5,508
Preservation of Records	8,712
Debt Service	107,340
Road Project	409,733
Building Project	178,523
Unrestricted	2,473,184
<b>TOTAL NET POSITION</b>	<b>\$ 3,448,298</b>

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, 2017

<b>Functions:</b>	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
General Government	\$ (2,661,927)	\$ 345,500	\$ 40,173	\$ (2,276,254)
Public Safety	(1,255,948)	42,428	103,415	(1,110,105)
Public Works	(2,824,049)	100	1,412,676	(1,411,273)
Public Assistance	(28,660)	-	-	(28,660)
Culture and Recreation	(3,954)	-	-	(3,954)
Debt Payments	(1,381,203)	-	-	(1,381,203)
Capital Outlay	(964,666)	10,772	-	(953,894)
Total Governmental Activities	<u>\$ (9,120,407)</u>	<u>\$ 398,800</u>	<u>\$ 1,556,264</u>	<u>(7,165,343)</u>

General Receipts:

Property Taxes	4,293,146
Grants and Contributions Not Restricted to Specific Programs	748,465
Investment Income	27,326
Licenses and Permits	30,304
Bond Refinancing Proceeds	1,097,838
Miscellaneous	179,489
Total General Receipts	<u>6,376,568</u>
Increase in Net Position	(788,775)
Net Position - Beginning of year	4,237,073
Net Position - End of year	<u>\$ 3,448,298</u>

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, 2017

	General Fund	Road Fund	Inheritance Fund	4-H Building Fund	Courthouse Bond Fund	Street Road Buyback Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>								
Cash and Cash Equivalents (Note 1.D)	\$ 676,622	\$ 386,569	\$ 1,269,481	\$ 178,523	\$ 28,415	\$ 409,733	\$ 498,857	\$ 3,448,200
Investments (Note 1.D)	98	-	-	-	-	-	-	98
<b>TOTAL ASSETS</b>	<b>\$ 676,720</b>	<b>\$ 386,569</b>	<b>\$ 1,269,481</b>	<b>\$ 178,523</b>	<b>\$ 28,415</b>	<b>\$ 409,733</b>	<b>\$ 498,857</b>	<b>\$ 3,448,298</b>
<b>FUND BALANCES</b>								
Restricted for:								
Visitor Promotion	-	-	-	-	-	-	9,245	9,245
911 Emergency Services	-	-	-	-	-	-	251,554	251,554
Drug Education	-	-	-	-	-	-	4,499	4,499
Law Enforcement	-	-	-	-	-	-	5,508	5,508
Preservation of Records	-	-	-	-	-	-	8,712	8,712
Debt Service	-	-	-	-	28,415	-	78,925	107,340
Road Project	-	-	-	-	-	409,733	-	409,733
Building Project	-	-	-	178,523	-	-	-	178,523
Committed to:								
Law Enforcement	-	-	-	-	-	-	90,774	90,774
Road Maintenance	-	386,569	-	-	-	-	-	386,569
Aid and Assistance	-	-	-	-	-	-	8,223	8,223
County Buildings	-	-	-	-	-	-	1,372	1,372
Equipment	-	-	-	-	-	-	40,045	40,045
Assigned to:								
Other Purposes	-	-	1,269,481	-	-	-	-	1,269,481
Unassigned	676,720	-	-	-	-	-	-	676,720
<b>TOTAL CASH BASIS FUND BALANCES</b>	<b>\$ 676,720</b>	<b>\$ 386,569</b>	<b>\$ 1,269,481</b>	<b>\$ 178,523</b>	<b>\$ 28,415</b>	<b>\$ 409,733</b>	<b>\$ 498,857</b>	<b>\$ 3,448,298</b>

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, 2017

	General Fund	Road Fund	Inheritance Fund	4-H Building Fund	Courthouse Bond Fund	Street Road Buyback Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>								
Property Taxes	\$3,630,265	\$ -	\$ 340,922	\$ 83,356	\$ 66,393	\$ -	\$ 172,210	\$ 4,293,146
Licenses and Permits	30,304	-	-	-	-	-	-	30,304
Investment Income	26,394	-	-	932	-	-	-	27,326
Intergovernmental	427,821	1,531,355	-	762	5,602	219,980	119,209	2,304,729
Charges for Services	364,694	100	-	10,772	-	-	23,234	398,800
Miscellaneous	14,954	28,727	-	135,429	1,097,838	-	379	1,277,327
<b>TOTAL RECEIPTS</b>	<b>4,494,432</b>	<b>1,560,182</b>	<b>340,922</b>	<b>231,251</b>	<b>1,169,833</b>	<b>219,980</b>	<b>315,032</b>	<b>8,331,632</b>
<b>DISBURSEMENTS</b>								
General Government	2,547,416	-	110,946	-	-	-	3,565	2,661,927
Public Safety	1,088,307	-	-	-	-	-	167,641	1,255,948
Public Works	52,862	2,771,187	-	-	-	-	-	2,824,049
Public Assistance	28,660	-	-	-	-	-	-	28,660
Culture and Recreation	-	-	-	-	-	-	3,954	3,954
Debt Service:								
Principal Payments	-	-	-	-	1,195,000	-	105,000	1,300,000
Interest and Fiscal Charges	-	-	453	-	40,061	-	40,689	81,203
Capital Outlay	-	-	-	964,666	-	-	-	964,666
<b>TOTAL DISBURSEMENTS</b>	<b>3,717,245</b>	<b>2,771,187</b>	<b>111,399</b>	<b>964,666</b>	<b>1,235,061</b>	<b>-</b>	<b>320,849</b>	<b>9,120,407</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>777,187</b>	<b>(1,211,005)</b>	<b>229,523</b>	<b>(733,415)</b>	<b>(65,228)</b>	<b>219,980</b>	<b>(5,817)</b>	<b>(788,775)</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	758,439	994,382	149,619	-	3,000	-	57,486	1,962,926
Transfers out	(1,018,754)	-	(761,439)	(149,619)	-	-	(33,114)	(1,962,926)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(260,315)</b>	<b>994,382</b>	<b>(611,820)</b>	<b>(149,619)</b>	<b>3,000</b>	<b>-</b>	<b>24,372</b>	<b>-</b>
Net Change in Fund Balances	516,872	(216,623)	(382,297)	(883,034)	(62,228)	219,980	18,555	(788,775)
<b>CASH BASIS FUND BALANCES - BEGINNING</b>	<b>159,848</b>	<b>603,192</b>	<b>1,651,778</b>	<b>1,061,557</b>	<b>90,643</b>	<b>189,753</b>	<b>480,302</b>	<b>4,237,073</b>
<b>CASH BASIS FUND BALANCES - ENDING</b>	<b>\$ 676,720</b>	<b>\$ 386,569</b>	<b>\$ 1,269,481</b>	<b>\$ 178,523</b>	<b>\$ 28,415</b>	<b>\$ 409,733</b>	<b>\$ 498,857</b>	<b>\$ 3,448,298</b>

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

MERRICK COUNTY  
**STATEMENT OF CASH BASIS NET POSITION**  
**FIDUCIARY FUNDS**  
June 30, 2017

	Agency Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 825,847
 <b>LIABILITIES</b>	
Due to other governments	
State	124,277
Schools	307,091
Educational Service Units	1,994
Technical College	12,489
Natural Resource Districts	4,676
Fire Districts	3,617
Municipalities	25,164
Agricultural Society	957
Drainage Districts	5,389
Townships	186,439
Others	153,754
<b>TOTAL LIABILITIES</b>	<b>825,847</b>
 <b>TOTAL NET ASSETS</b>	 <b>\$ -</b>

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, 2017

#### 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.

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 \$19,912 toward the operation of the Region during fiscal year 2017. In the

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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. 2016, Supp. 2017).

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 \$27,685 toward the operation of the Department during fiscal year 2017. 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. 2017). 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.

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

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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.

**4-H Building Fund.** This fund is used to account for costs associated with the construction, and maintenance of the 4-H Building. It is primarily funded by a bond issuance.

**Courthouse Bond Fund.** This fund is used to account for the resources for, and the payment of, general long-term debt principal, interest, and related costs of the courthouse bond. It is primarily funded by a bond issuance and property tax receipts.

**Street Road Buyback Fund.** This fund is used to account for costs incurred for road projects in the County. It is funded by amounts received from the State of Nebraska through the Federal Funds Purchase Program.

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.

**Debt Service Fund.** The 4-H Building Bond Fund accounts for the resources for, and the payment of, general long-term debt principal, interest, and related costs.

## MERRICK COUNTY

### NOTES TO FINANCIAL STATEMENTS

(Continued)

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

The County designates fund balances as follows:

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

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

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

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

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

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

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

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

**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.

**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 \$975,114 of restricted net position which is fully restricted by enabling legislation.

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

On or before August 1, the County budget-making authority prepares and transmits a budget for each County fund to the County Board. The budget includes the requirements, the outstanding warrants, the operating reserves to be maintained, the cash on hand at the close of the preceding fiscal year, the receipts from sources other than taxation, and the

## MERRICK COUNTY

### NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 \$3,448,200 for County funds and \$825,847 for Fiduciary funds. The bank balances for all funds totaled \$4,316,199. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2017, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

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.

## MERRICK COUNTY

### NOTES TO FINANCIAL STATEMENTS

(Continued)

#### 3. **Property Taxes** (Concluded)

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 2016, for the 2016 taxes, which will be materially collected in May and September 2017, was set at \$.236314/\$100 of assessed valuation. The levy set in October 2015, for the 2015 taxes, which were materially collected in May and September 2016, was set at \$.197699/\$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. 2016, Supp. 2017) 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.

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

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

For the year ended June 30, 2017, 76 employees contributed \$98,885, and the County contributed \$146,677. Contributions included \$3,691 in cash contributions towards the supplemental law enforcement plan for 10 law enforcement employees. Lastly, the County paid \$1,764 directly to 11 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 89 counties and local governments 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 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

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS  
(Continued)

5. **Risk Management** (Concluded)

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 2018. 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, 2017, consisted of the following:

<b>Transfers to</b>	Transfers from				Total
	General Fund	Inheritance Fund	4-H Building Fund	Nonmajor Funds	
Road Fund	\$ 994,382	\$ -	\$ -	\$ -	\$ 994,382
Inheritance Fund	-	-	149,619	-	149,619
Courthouse Bond Fund	-	3,000	-	-	3,000
General Fund	-	758,439	-	-	758,439
Nonmajor Funds	24,372	-	-	33,114	57,486
<b>Total</b>	<b>\$ 1,018,754</b>	<b>\$ 761,439</b>	<b>\$ 149,619</b>	<b>\$ 33,114</b>	<b>\$ 1,962,926</b>

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, 2017, the County made a one-time transfer of \$149,619 from the 4-H Building Fund to the Inheritance Fund to reimburse the Inheritance Fund for costs originally paid from that fund.

7. **Long-Term Debt**

**Courthouse Bonds.**

The County issued bonds on February 18, 2016, in the amount of \$1,120,000 for the purpose of refunding Series 2011 Bonds, which had been issued to refinance Series 2006 Bonds issued for paying the cost of constructing and equipping an addition to the courthouse. The bond payable balance, as of June 30, 2017, was \$1,105,000. 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
2018	\$ 120,000	\$ 15,758	\$ 135,758
2019	125,000	14,591	139,591
2020	120,000	13,215	133,215
2021	120,000	11,715	131,715
2022	125,000	10,060	135,060
2023-2026	495,000	18,932	513,932
<b>Total Payments</b>	<b>\$ 1,105,000</b>	<b>\$ 84,271</b>	<b>\$ 1,189,271</b>

MERRICK COUNTY

**NOTES TO FINANCIAL STATEMENTS**  
(Concluded)

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

**4-H Building Bonds.**

The County issued bonds on October 13, 2015, in the amount of \$2,000,000 for the purpose of paying the cost 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. The bond payable balance, as of June 30, 2017, was \$1,885,000. 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:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 115,000	\$ 44,648	\$ 159,648
2019	120,000	42,297	162,297
2020	120,000	39,898	159,898
2021	125,000	37,447	162,447
2022	125,000	34,948	159,948
2023-2027	670,000	132,234	802,234
2028-2032	610,000	38,257	648,257
<b>Total Payments</b>	<b>\$ 1,885,000</b>	<b>\$ 369,729</b>	<b>\$ 2,254,729</b>

**8. 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. The bonds were paid in full during fiscal year 2017. Additional information can be found in the separately issued Hospital audit report.

**9. Subsequent Event**

On July 1, 2017, Litzenberg Memorial County Hospital was acquired by Bryan Health and officially changed its name to Merrick Medical Center. This acquisition included the operations of the hospital and rural health clinics. Merrick County will continue to own the long-term facility, Litzenberg Memorial Long-Term Care, and provide post-acute care services. The Evangelical Lutheran Good Samaritan Society will manage the staff and daily operations of the long-term care facility. Additional information 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, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 4,382,000	\$ 4,382,000	\$ 3,630,265	\$ (751,735)
Licenses and Permits	26,570	26,570	30,304	3,734
Interest	18,000	18,000	26,394	8,394
Intergovernmental	59,030	59,030	427,821	368,791
Charges for Services	348,035	348,035	364,694	16,659
Miscellaneous	6,100	6,100	14,954	8,854
TOTAL RECEIPTS	<u>4,839,735</u>	<u>4,839,735</u>	<u>4,494,432</u>	<u>(345,303)</u>
<b>DISBURSEMENTS</b>				
General Government:				
County Board	100,271	100,271	98,481	1,790
County Clerk	153,937	153,937	130,747	23,190
County Treasurer	149,301	149,301	142,260	7,041
County Assessor	140,800	140,800	131,384	9,416
Election Commissioner	32,940	30,940	19,452	11,488
Building and Zoning	16,256	16,256	10,928	5,328
Clerk of the District Court	94,601	94,601	90,209	4,392
County Court System	8,920	8,920	8,031	889
Building and Grounds	144,465	144,465	98,983	45,482
Reappraisal	74,240	34,240	3,562	30,678
Agricultural Extension Agent	99,656	101,656	99,229	2,427
Child Support	20,745	20,745	16,163	4,582
Miscellaneous	1,959,825	1,959,825	1,697,987	261,838
Public Safety				
County Sheriff	525,724	525,724	498,894	26,830
County Attorney	168,648	168,648	153,489	15,159
Communication Center	170,728	170,728	158,543	12,185
County Jail	221,022	261,022	256,356	4,666
Emergency Management	100,147	100,147	21,025	79,122
Public Works				
County Surveyor	59,114	59,114	52,862	6,252
Public Assistance				
Veterans' Service Officer	34,998	34,998	28,660	6,338
TOTAL DISBURSEMENTS	<u>4,276,338</u>	<u>4,276,338</u>	<u>3,717,245</u>	<u>559,093</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>				
	<u>563,397</u>	<u>563,397</u>	<u>777,187</u>	<u>213,790</u>

(Continued)

**MERRICK COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**GENERAL FUND**

For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	300,000	300,000	758,439	458,439
Transfers out	<u>(1,017,382)</u>	<u>(1,017,382)</u>	<u>(1,018,754)</u>	<u>(1,372)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(717,382)</u>	<u>(717,382)</u>	<u>(260,315)</u>	<u>457,067</u>
Net Change in Fund Balance	(153,985)	(153,985)	516,872	670,857
<b>FUND BALANCE - BEGINNING</b>	<u>154,648</u>	<u>154,648</u>	<u>159,848</u>	<u>5,200</u>
<b>FUND BALANCE - ENDING</b>	<u><u>\$ 663</u></u>	<u><u>\$ 663</u></u>	<u><u>\$ 676,720</u></u>	<u><u>\$ 676,057</u></u>

(Concluded)

**MERRICK COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**MAJOR FUNDS**

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD FUND</b>				
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,911,762	\$ 1,911,762	\$ 1,531,355	\$ (380,407)
Charges for Services	3,000	3,000	100	(2,900)
Miscellaneous	63,000	63,000	28,727	(34,273)
<b>TOTAL RECEIPTS</b>	<u>1,977,762</u>	<u>1,977,762</u>	<u>1,560,182</u>	<u>(417,580)</u>
<b>DISBURSEMENTS</b>	<u>3,575,336</u>	<u>3,575,336</u>	<u>2,771,187</u>	<u>804,149</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(1,597,574)</u>	<u>(1,597,574)</u>	<u>(1,211,005)</u>	<u>386,569</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	994,382	994,382	994,382	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>994,382</u>	<u>994,382</u>	<u>994,382</u>	<u>-</u>
Net Change in Fund Balance	(603,192)	(603,192)	(216,623)	386,569
FUND BALANCE - BEGINNING	<u>1,180,769</u>	<u>1,180,769</u>	<u>603,192</u>	<u>(577,577)</u>
FUND BALANCE - ENDING	<u>\$ 577,577</u>	<u>\$ 577,577</u>	<u>\$ 386,569</u>	<u>\$ (191,008)</u>
<b>INHERITANCE FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 30,000	\$ 30,000	\$ 340,922	\$ 310,922
<b>TOTAL RECEIPTS</b>	<u>30,000</u>	<u>30,000</u>	<u>340,922</u>	<u>310,922</u>
<b>DISBURSEMENTS</b>	<u>109,415</u>	<u>109,415</u>	<u>111,399</u>	<u>(1,984)</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(79,415)</u>	<u>(79,415)</u>	<u>229,523</u>	<u>308,938</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	62,500	62,500	149,619	87,119
Transfers out	(1,530,488)	(1,530,488)	(761,439)	769,049
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,467,988)</u>	<u>(1,467,988)</u>	<u>(611,820)</u>	<u>856,168</u>
Net Change in Fund Balance	(1,547,403)	(1,547,403)	(382,297)	1,165,106
FUND BALANCE - BEGINNING	<u>1,651,778</u>	<u>1,651,778</u>	<u>1,651,778</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 104,375</u>	<u>\$ 104,375</u>	<u>\$ 1,269,481</u>	<u>\$ 1,165,106</u>

(Continued)

**MERRICK COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**MAJOR FUNDS**

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>4-H BUILDING FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ -	\$ -	\$ 83,356	\$ 83,356
Interest	-	-	932	932
Intergovernmental	-	-	762	762
Charges for Services	-	-	10,772	10,772
Miscellaneous	543,279	543,279	135,429	(407,850)
<b>TOTAL RECEIPTS</b>	<b>543,279</b>	<b>543,279</b>	<b>231,251</b>	<b>(312,028)</b>
<b>DISBURSEMENTS</b>	<b>1,428,808</b>	<b>1,428,808</b>	<b>964,666</b>	<b>464,142</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(885,529)</b>	<b>(885,529)</b>	<b>(733,415)</b>	<b>152,114</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(147,000)	(147,000)	(149,619)	(2,619)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(147,000)</b>	<b>(147,000)</b>	<b>(149,619)</b>	<b>(2,619)</b>
Net Change in Fund Balance	(1,032,529)	(1,032,529)	(883,034)	149,495
FUND BALANCE - BEGINNING	1,061,557	1,061,557	1,061,557	-
FUND BALANCE - ENDING	<b>\$ 29,028</b>	<b>\$ 29,028</b>	<b>\$ 178,523</b>	<b>\$ 149,495</b>
<b>COURTHOUSE BOND FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 62,500	\$ 62,500	\$ 66,393	\$ 3,893
Intergovernmental	1,100	1,100	5,602	4,502
Miscellaneous	-	-	1,097,838	1,097,838
<b>TOTAL RECEIPTS</b>	<b>63,600</b>	<b>63,600</b>	<b>1,169,833</b>	<b>1,106,233</b>
<b>DISBURSEMENTS</b>	<b>1,235,061</b>	<b>1,235,061</b>	<b>1,235,061</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(1,171,461)</b>	<b>(1,171,461)</b>	<b>(65,228)</b>	<b>1,106,233</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,080,939	1,080,939	3,000	(1,077,939)
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,080,939</b>	<b>1,080,939</b>	<b>3,000</b>	<b>(1,077,939)</b>
Net Change in Fund Balance	(90,522)	(90,522)	(62,228)	28,294
FUND BALANCE - BEGINNING	90,643	90,643	90,643	-
FUND BALANCE - ENDING	<b>\$ 121</b>	<b>\$ 121</b>	<b>\$ 28,415</b>	<b>\$ 28,294</b>

**MERRICK COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**MAJOR FUNDS**

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>STREET ROAD BUYBACK FUND</u></b>				
<b>RECEIPTS</b>				
Intergovernmental	\$ -	\$ -	\$ 219,980	\$ 219,980
<b>TOTAL RECEIPTS</b>	<b>-</b>	<b>-</b>	<b>219,980</b>	<b>219,980</b>
<b>DISBURSEMENTS</b>	<b>189,753</b>	<b>189,753</b>	<b>-</b>	<b>189,753</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(189,753)</b>	<b>(189,753)</b>	<b>219,980</b>	<b>409,733</b>
Net Change in Fund Balance	(189,753)	(189,753)	219,980	409,733
FUND BALANCE - BEGINNING	379,506	379,506	189,753	(189,753)
FUND BALANCE - ENDING	<b>\$ 189,753</b>	<b>\$ 189,753</b>	<b>\$ 409,733</b>	<b>\$ 219,980</b>

(Concluded)

**MERRICK COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**NONMAJOR FUNDS**

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>VISITOR'S PROMOTION FUND</b>				
Receipts	\$ 3,000	\$ 3,000	\$ 8,056	\$ 5,056
Disbursements	(5,143)	(5,143)	(3,954)	1,189
Net Change in Fund Balance	(2,143)	(2,143)	4,102	6,245
Fund Balance - Beginning	5,143	5,143	5,143	-
Fund Balance - Ending	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 9,245</u>	<u>\$ 6,245</u>
<b>PRESERVATION AND MODERNIZATION FUND</b>				
Receipts	\$ 5,500	\$ 5,500	\$ 6,527	\$ 1,027
Disbursements	(10,550)	(10,550)	(3,565)	6,985
Net Change in Fund Balance	(5,050)	(5,050)	2,962	8,012
Fund Balance - Beginning	5,750	5,750	5,750	-
Fund Balance - Ending	<u>\$ 700</u>	<u>\$ 700</u>	<u>\$ 8,712</u>	<u>\$ 8,012</u>
<b>VETERAN'S RELIEF FUND</b>				
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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,223</u>	<u>\$ 8,223</u>
<b>JUVENILE DIVERSION FUND</b>				
Receipts	\$ 105,090	\$ 105,090	\$ 104,297	\$ (793)
Disbursements	(181,057)	(181,057)	(116,037)	65,020
Transfers in	16,000	16,000	16,000	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(59,967)	(59,967)	4,260	64,227
Fund Balance - Beginning	59,967	59,967	59,967	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,227</u>	<u>\$ 64,227</u>
<b>STOP PROGRAM FUND</b>				
Receipts	\$ 1,600	\$ 1,600	\$ 2,800	\$ 1,200
Disbursements	(6,041)	(6,041)	(553)	5,488
Net Change in Fund Balance	(4,441)	(4,441)	2,247	6,688
Fund Balance - Beginning	6,266	6,266	6,266	-
Fund Balance - Ending	<u>\$ 1,825</u>	<u>\$ 1,825</u>	<u>\$ 8,513</u>	<u>\$ 6,688</u>

(Continued)

**MERRICK COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**NONMAJOR FUNDS**

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>DRUG LAW ENFORCEMENT FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(4,499)	(4,499)	-	4,499
Net Change in Fund Balance	(4,499)	(4,499)	-	4,499
Fund Balance - Beginning	4,499	4,499	4,499	-
Fund Balance - Ending	\$ -	\$ -	\$ 4,499	\$ 4,499
<b>DARE FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(38)	(38)	-	38
Net Change in Fund Balance	(38)	(38)	-	38
Fund Balance - Beginning	38	38	38	-
Fund Balance - Ending	\$ -	\$ -	\$ 38	\$ 38
<b>CANINE FUND</b>				
Receipts	\$ -	\$ -	\$ 270	\$ 270
Disbursements	(621)	(621)	-	621
Net Change in Fund Balance	(621)	(621)	270	891
Fund Balance - Beginning	621	621	621	-
Fund Balance - Ending	\$ -	\$ -	\$ 891	\$ 891
<b>JUVENILE SERVICES GRANT FUND</b>				
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	\$ -	\$ -	\$ 5,508	\$ 5,508
<b>911 WIRELESS SERVICE FUND</b>				
Receipts	\$ 41,544	\$ 41,544	\$ 41,544	\$ -
Disbursements	(4,199)	(4,199)	(379)	3,820
Transfers in	-	-	-	-
Transfers out	(37,345)	(37,345)	(33,114)	4,231
Net Change in Fund Balance	-	-	8,051	8,051
Fund Balance - Beginning	140,530	140,530	35,725	(104,805)
Fund Balance - Ending	\$ 140,530	\$ 140,530	\$ 43,776	\$ (96,754)

(Continued)

**MERRICK COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**NONMAJOR FUNDS**

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>911 WIRELESS SERVICE HOLDING FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(100,841)	(100,841)	-	100,841
Transfers in	37,345	37,345	33,114	(4,231)
Transfers out	-	-	-	-
Net Change in Fund Balance	(63,496)	(63,496)	33,114	96,610
Fund Balance - Beginning	78,518	78,518	78,518	-
Fund Balance - Ending	<u>\$ 15,022</u>	<u>\$ 15,022</u>	<u>\$ 111,632</u>	<u>\$ 96,610</u>
<b>COMMISSARY FUND</b>				
Receipts	\$ -	\$ -	\$ 15,728	\$ 15,728
Disbursements	(7,500)	(7,500)	(6,149)	1,351
Transfers in	7,000	7,000	7,000	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(500)	(500)	16,579	17,079
Fund Balance - Beginning	526	526	526	-
Fund Balance - Ending	<u>\$ 26</u>	<u>\$ 26</u>	<u>\$ 17,105</u>	<u>\$ 17,079</u>
<b>COUNTY SINKING FUND</b>				
Receipts	\$ -	\$ -	\$ 8,497	\$ 8,497
Disbursements	(174,739)	(174,739)	(143,191)	31,548
Transfers in	122,791	122,791	-	(122,791)
Transfers out	-	-	-	-
Net Change in Fund Balance	(51,948)	(51,948)	(134,694)	(82,746)
Fund Balance - Beginning	174,739	174,739	174,739	-
Fund Balance - Ending	<u>\$ 122,791</u>	<u>\$ 122,791</u>	<u>\$ 40,045</u>	<u>\$ (82,746)</u>
<b>911 EMERGENCY SERVICES FUND</b>				
Receipts	\$ 23,955	\$ 23,955	\$ 25,490	\$ 1,535
Disbursements	(45,450)	(45,450)	(24,123)	21,327
Net Change in Fund Balance	(21,495)	(21,495)	1,367	22,862
Fund Balance - Beginning	94,779	94,779	94,779	-
Fund Balance - Ending	<u>\$ 73,284</u>	<u>\$ 73,284</u>	<u>\$ 96,146</u>	<u>\$ 22,862</u>

(Continued)

**MERRICK COUNTY**  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**NONMAJOR FUNDS**

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>4-H BUILDING BOND FUND</b>				
Receipts	\$ 153,000	\$ 153,000	\$ 101,823	\$ (51,177)
Disbursements	(299,041)	(299,041)	(22,898)	276,143
Transfers in	147,000	147,000	-	(147,000)
Transfers out	-	-	-	-
Net Change in Fund Balance	959	959	78,925	77,966
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ 959</u>	<u>\$ 959</u>	<u>\$ 78,925</u>	<u>\$ 77,966</u>
<b>COURTHOUSE BUILDING FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	-	-	-	-
Transfers in	-	-	1,372	1,372
Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	1,372	1,372
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,372</u>	<u>\$ 1,372</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, 2017

	Visitor's Promotion Fund	Preservation and Modernization Fund	Veteran's Relief Fund	Juvenile Diversion Fund	STOP Program Fund
<b>RECEIPTS</b>					
Property Taxes	\$ 8,056	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	103,290	2,800
Charges for Services	-	6,527	-	979	-
Miscellaneous	-	-	-	28	-
<b>TOTAL RECEIPTS</b>	<u>8,056</u>	<u>6,527</u>	<u>-</u>	<u>104,297</u>	<u>2,800</u>
<b>DISBURSEMENTS</b>					
General Government	-	3,565	-	-	-
Public Safety	-	-	-	116,037	553
Culture and Recreation	3,954	-	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Projects	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>3,954</u>	<u>3,565</u>	<u>-</u>	<u>116,037</u>	<u>553</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>4,102</u>	<u>2,962</u>	<u>-</u>	<u>(11,740)</u>	<u>2,247</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	16,000	-
Transfers out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,000</u>	<u>-</u>
Net Change in Fund Balances	4,102	2,962	-	4,260	2,247
<b>FUND BALANCES - BEGINNING</b>	<u>5,143</u>	<u>5,750</u>	<u>8,223</u>	<u>59,967</u>	<u>6,266</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 9,245</u>	<u>\$ 8,712</u>	<u>\$ 8,223</u>	<u>\$ 64,227</u>	<u>\$ 8,513</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	9,245	-	-	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	-	8,712	-	-	-
Debt Service	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	64,227	8,513
Aid and Assistance	-	-	8,223	-	-
County Buildings	-	-	-	-	-
Equipment	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 9,245</u>	<u>\$ 8,712</u>	<u>\$ 8,223</u>	<u>\$ 64,227</u>	<u>\$ 8,513</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, 2017

	Drug Law Enforcement Fund	DARE Fund	Canine Fund	Juvenile Services Grant Fund	911 Wireless Service Fund	911 Wireless Service Holding Fund
<b>RECEIPTS</b>						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$41,544	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-
Miscellaneous	-	-	270	-	-	-
<b>TOTAL RECEIPTS</b>	<u>-</u>	<u>-</u>	<u>270</u>	<u>-</u>	<u>41,544</u>	<u>-</u>
<b>DISBURSEMENTS</b>						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	379	-
Culture and Recreation	-	-	-	-	-	-
Debt Service:						
Principal Payments	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>379</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>-</u>	<u>-</u>	<u>270</u>	<u>-</u>	<u>41,165</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	33,114
Transfers out	-	-	-	-	(33,114)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33,114)</u>	<u>33,114</u>
Net Change in Fund Balances	-	-	270	-	8,051	33,114
<b>FUND BALANCES - BEGINNING</b>	<u>4,499</u>	<u>38</u>	<u>621</u>	<u>5,508</u>	<u>35,725</u>	<u>78,518</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 4,499</u>	<u>\$ 38</u>	<u>\$ 891</u>	<u>\$ 5,508</u>	<u>\$43,776</u>	<u>\$ 111,632</u>
<b>FUND BALANCES:</b>						
Restricted for:						
Visitor Promotion	-	-	-	-	-	-
911 Emergency Services	-	-	-	-	43,776	111,632
Drug Education	4,499	-	-	-	-	-
Law Enforcement	-	-	-	5,508	-	-
Preservation of Records	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Committed to:						
Law Enforcement	-	38	891	-	-	-
Aid and Assistance	-	-	-	-	-	-
County Buildings	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 4,499</u>	<u>\$ 38</u>	<u>\$ 891</u>	<u>\$ 5,508</u>	<u>\$43,776</u>	<u>\$ 111,632</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, 2017

	Commissary Fund	County Sinking Fund	911 Emergency Services Fund	4-H Building Bond Fund	Courthouse Building Fund	Total Nonmajor Governmental Funds
<b>RECEIPTS</b>						
Property Taxes	\$ -	\$ 8,340	\$ 25,490	\$ 88,780	\$ -	\$ 172,210
Intergovernmental	-	76	-	13,043	-	119,209
Charges for Services	15,728	-	-	-	-	23,234
Miscellaneous	-	81	-	-	-	379
<b>TOTAL RECEIPTS</b>	<u>15,728</u>	<u>8,497</u>	<u>25,490</u>	<u>101,823</u>	<u>-</u>	<u>315,032</u>
<b>DISBURSEMENTS</b>						
General Government	-	-	-	-	-	3,565
Public Safety	6,149	20,400	24,123	-	-	167,641
Culture and Recreation	-	-	-	-	-	3,954
Debt Service:						
Principal Payments	-	105,000	-	-	-	105,000
Interest and Fiscal Charges	-	17,791	-	22,898	-	40,689
Capital Projects	-	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>6,149</u>	<u>143,191</u>	<u>24,123</u>	<u>22,898</u>	<u>-</u>	<u>320,849</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>9,579</u>	<u>(134,694)</u>	<u>1,367</u>	<u>78,925</u>	<u>-</u>	<u>(5,817)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	7,000	-	-	-	1,372	57,486
Transfers out	-	-	-	-	-	(33,114)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,372</u>	<u>24,372</u>
Net Change in Fund Balances	16,579	(134,694)	1,367	78,925	1,372	18,555
<b>FUND BALANCES - BEGINNING</b>	<u>526</u>	<u>174,739</u>	<u>94,779</u>	<u>-</u>	<u>-</u>	<u>480,302</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 17,105</u>	<u>\$ 40,045</u>	<u>\$ 96,146</u>	<u>\$ 78,925</u>	<u>\$ 1,372</u>	<u>\$ 498,857</u>
<b>FUND BALANCES:</b>						
Restricted for:						
Visitor Promotion	-	-	-	-	-	9,245
911 Emergency Services	-	-	96,146	-	-	251,554
Drug Education	-	-	-	-	-	4,499
Law Enforcement	-	-	-	-	-	5,508
Preservation of Records	-	-	-	-	-	8,712
Debt Service	-	-	-	78,925	-	78,925
Committed to:						
Law Enforcement	17,105	-	-	-	-	90,774
Aid and Assistance	-	-	-	-	-	8,223
County Buildings	-	-	-	-	1,372	1,372
Equipment	-	40,045	-	-	-	40,045
<b>TOTAL FUND BALANCES</b>	<u>\$ 17,105</u>	<u>\$ 40,045</u>	<u>\$ 96,146</u>	<u>\$ 78,925</u>	<u>\$ 1,372</u>	<u>\$ 498,857</u>

(Concluded)

**MERRICK COUNTY**  
**SCHEDULE OF OFFICE ACTIVITIES**  
For the Year Ended June 30, 2017

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Highway Superintendent	Veterans' Service Officer	County Surveyor	County Extension	County Planning and Zoning	County Assessor	County Treasurer	Total
BALANCES JULY 1, 2016	\$ 15,325	\$ 112,556	\$ 11,437	\$ 60	\$ 111,960	\$ 479	\$ 6,582	\$ 2,000	\$ -	\$ -	\$ -	\$ 260,399
<b>RECEIPTS</b>												
Property Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and Permits	1,200	-	1,020	-	-	-	-	-	1,155	-	-	3,375
Intergovernmental	-	-	-	-	101,364	-	-	-	2,808	-	-	104,172
Charges for Services	64,796	10,775	43,132	10,821	16,317	-	11,798	14,940	-	-	-	172,579
Miscellaneous	-	-	-	-	9,504	-	-	-	-	214	13,481	23,199
State Fees	61,383	19,242	-	-	733	-	-	-	-	-	-	81,358
Other Liabilities	-	219,933	132,878	6,408	-	-	-	502	-	-	-	359,721
<b>TOTAL RECEIPTS</b>	<b>127,379</b>	<b>249,950</b>	<b>177,030</b>	<b>17,229</b>	<b>127,918</b>	<b>-</b>	<b>11,798</b>	<b>15,442</b>	<b>3,963</b>	<b>214</b>	<b>13,481</b>	<b>744,404</b>
<b>DISBURSEMENTS</b>												
Payments to County Treasurer	65,765	10,726	38,846	10,741	142,376	-	12,136	10,772	3,963	165	-	295,490
Payments to State Treasurer	62,937	18,229	-	-	652	-	-	-	-	-	-	81,818
Other Liabilities	-	270,712	135,507	6,405	-	-	-	425	-	-	7,481	420,530
<b>TOTAL DISBURSEMENTS</b>	<b>128,702</b>	<b>299,667</b>	<b>174,353</b>	<b>17,146</b>	<b>143,028</b>	<b>-</b>	<b>12,136</b>	<b>11,197</b>	<b>3,963</b>	<b>165</b>	<b>7,481</b>	<b>797,838</b>
BALANCES JUNE 30, 2017	\$ 14,002	\$ 62,839	\$ 14,114	\$ 143	\$ 96,850	\$ 479	\$ 6,244	\$ 6,245	\$ -	\$ 49	\$ 6,000	\$ 206,965
<b>BALANCES CONSIST OF:</b>												
Due to County Treasurer	\$ 7,990	\$ 582	\$ 6,121	\$ 140	\$ 96,650	\$ 479	\$ 6,244	\$ 6,167	\$ -	\$ 49	\$ -	\$ 124,422
Petty Cash	1,100	-	500	-	-	-	-	-	-	-	6,000	7,600
Due to State Treasurer	4,912	1,749	-	-	200	-	-	-	-	-	-	6,861
Due to Others	-	60,508	7,493	3	-	-	-	78	-	-	-	68,082
BALANCES JUNE 30, 2017	\$ 14,002	\$ 62,839	\$ 14,114	\$ 143	\$ 96,850	\$ 479	\$ 6,244	\$ 6,245	\$ -	\$ 49	\$ 6,000	\$ 206,965

**MERRICK COUNTY**  
**SCHEDULE OF TAXES CERTIFIED AND COLLECTED**  
**FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY**  
June 30, 2017

Item	2012	2013	2014	2015	2016
<b>Tax Certified by Assessor</b>					
Real Estate	\$ 15,575,876	\$ 17,732,188	\$ 19,481,316	\$ 20,505,599	\$ 22,073,568
Personal and Specials	1,416,687	1,551,822	1,502,757	1,264,484	1,038,752
<b>Total</b>	<b>16,992,563</b>	<b>19,284,010</b>	<b>20,984,073</b>	<b>21,770,083</b>	<b>23,112,320</b>
<b>Corrections</b>					
Additions	7,486	2,592	11,612	4,010	2,574
Deductions	(2,403)	(275,372)	(8,072)	(1,821)	(1,562)
Net Additions/ (Deductions)	5,083	(272,780)	3,540	2,189	1,012
<b>Corrected Certified Tax</b>	<b>16,997,646</b>	<b>19,011,230</b>	<b>20,987,613</b>	<b>21,772,272</b>	<b>23,113,332</b>
<b>Net Tax Collected by County Treasurer during Fiscal Year Ending:</b>					
June 30, 2013	10,266,367	-	-	-	-
June 30, 2014	6,706,483	11,589,152	-	-	-
June 30, 2015	14,052	7,403,656	13,182,577	-	-
June 30, 2016	8,917	9,045	7,770,984	13,886,833	-
June 30, 2017	207	1,565	21,942	7,866,009	14,497,488
<b>Total Net Collections</b>	<b>16,996,026</b>	<b>19,003,418</b>	<b>20,975,503</b>	<b>21,752,842</b>	<b>14,497,488</b>
<b>Total Uncollected Tax</b>	<b>\$ 1,620</b>	<b>\$ 7,812</b>	<b>\$ 12,110</b>	<b>\$ 19,430</b>	<b>\$ 8,615,844</b>
<b>Percentage Uncollected Tax</b>	<b>0.01%</b>	<b>0.04%</b>	<b>0.06%</b>	<b>0.09%</b>	<b>37.28%</b>

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



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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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, 2017, 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 24, 2018. 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 24, 2018.

### **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.

April 24, 2018



Deann Haeffner, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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April 24, 2018

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, 2017, and have issued our report thereon dated April 24, 2018. 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.

## **Unclaimed Property**

During testing, we noted two County offices had checks that were outstanding for over three years and, therefore, qualified as unclaimed property required to be remitted to the State Treasurer, as follows:

- The County Sheriff had 41 checks totaling \$637.
- The County Treasurer had four checks totaling \$1,151.

Neb. Rev. Stat. § 69-1307.01 (Reissue 2009) states the following:

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

Neb. Rev. Stat. § 69-1310 (Reissue 2009) states, in relevant part, the following:

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

\* \* \* \*

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

Without procedures, including the proper performance and review of bank reconciliations, to ensure that outstanding checks qualifying as unclaimed property are remitted timely to the State Treasurer, there is an increased risk of noncompliance with State statute. This issue was also noted in prior audits.

We recommend the County Sheriff and County Treasurer implement procedures to ensure that outstanding checks qualifying as unclaimed property are remitted to the State Treasurer in accordance with State statute.

## **COUNTY ATTORNEY**

### **Office Procedures**

During testing of Juvenile Diversion fees collected by the County Attorney, we noted the following:

- Nothing was available to support the amounts charged on two receipts selected. The amounts charged did not agree to a fee schedule provided, and the office was unable to provide further support as to why a different amount was charged.
- The County Attorney was giving discounts of between 13% and 25% on certain charges. These discounts were not consistently applied to the bills, and the County Attorney could not provide an explanation for the variance in discounts applied. See the table below for more information on four receipts tested.

Charge	Discount Given	Actual Percentage Discount
\$ 40.00	\$ 10.00	25%
\$ 40.00	\$ 10.00	25%
\$ 85.00	\$ 15.00	18%
\$ 75.00	\$ 10.00	13%

- For two receipts tested, office records indicated funds receipted of \$80; however, only \$60 of this balance could be located. Documentation was not available to support the refund of the additional funds back to the payee, as claimed by the office.

Neb. Rev. Stat. § 23-106(1) (Reissue 2012) states, “The county board shall manage the county funds and county business except as otherwise specifically provided.”

Additionally, good internal control and sound accounting practices require all office records to contain complete and accurate information regarding funds received and paid out. Furthermore, good internal control and sound accounting practices require all fees charged to be adequately supported and consistently applied to all participants of Juvenile Diversion. When records are not accurate and fees are not consistently applied, there is an increased risk of loss, theft, or misuse of funds.

We recommend the County Attorney implement procedures to ensure that all records maintained reflect accurately the activity of the office. Furthermore, we recommend the County Attorney implement procedures to ensure all fees are consistently charged in accordance with the fee schedule.

## COUNTY BOARD

### County Budget Issues

During our audit, we noted several issues with the fiscal year-ended June 30, 2017, budget submitted, as follows:

- For three County Funds, the budgeted beginning balance as of July 1, 2016, did not agree to the prior year ending balance as of June 30, 2016. See the below table for more details.

Fund	6/30/2016 Ending Balance	Budgeted 7/1/2016 Balance	Variance
Road Fund	\$ 603,192	\$ 1,180,769	\$ 577,577
Street Road Buyback Fund	\$ 189,753	\$ 379,506	\$ 189,753
911 Wireless Service Fund	\$ 35,725	\$ 140,530	\$ 104,805

- Budgeted transfers in and budgeted transfers out did not agree. Transfers in were budgeted at \$2,767,957; however, transfers out were budgeted at only \$2,732,215, a difference of \$35,742.

- The budget for the Road Fund does not balance. The ending cash reserve balance per the budget document totaled \$592,121; however, the actual cash reserve based on the budgeted beginning balance, receipts and disbursements totaled \$577,577, a difference of \$14,544.

Neb. Rev. Stat. § 23-903 (Reissue 2012) states, in relevant part, the following:

*The budget of the county shall present a complete financial plan for the period for which said budget is drawn, as hereinafter provided. It shall set forth (1) all proposed expenditures for the administration, operation and maintenance of all offices, departments, activities, funds and institutions of the county, (2) the actual or estimated operating deficits from prior years . . . .*

When the budget does not accurately reflect the financial activity of the County, there is an increased risk that errors and irregularities will not be caught in a timely manner.

We recommend the County Board implement procedures to ensure the adopted budget reflects accurately the activities and financial position of the County.

### **Duplicate Claims**

During our audit, we noted eight instances, totaling \$3,280, in which the County paid for the same expense twice. In all eight instances, the original invoices were submitted to and paid by the County Board. During the months following the original approval for payment, a duplicate invoice was submitted to the County Board and paid again. The County received reimbursement of \$845; however, no reimbursement has been received for the additional overpayments.

Good internal controls require procedures for an adequate review of all claims prior to approval to ensure the claims are not duplicate, having been paid already. Such procedures should also provide for the recoupment of all overpayments detected. Without these procedures, there is an increased risk that duplicate claims submitted will not be detected and recouped, resulting in the loss and/or misuse of County funds. This issue was also noted in prior audits.

We recommend the county Board implement procedures to ensure claims are not paid twice for the same invoice, and vendors are contacted in an attempt to recoup all overpayments detected.

### **Law Enforcement Retirement Contributions**

During the fiscal year, we noted three employees did not properly contribute the additional 1% contribution for a supplemental retirement plan for law enforcement personnel.

- One employee was contributing an additional 1% towards the law enforcement supplemental retirement plan; however, this employee did not have a valid law enforcement certificate or diploma. As a result, the employee and the County each incorrectly contributed \$66 towards the plan during the fiscal year.
- One employee did not obtain a valid law enforcement officer certificate or diploma until March 2017; however, additional 1% contributions were noted for the months of July, August, and December 2016, as well as January 2017. As a result, the employee and the County each incorrectly contributed \$73 towards the plan during the fiscal year.

- One employee obtained a valid law enforcement officer certificate or diploma in July 2016; however, additional 1% contributions were not noted until September 2016. As a result, the employee and County did not correctly contribute \$33 each to the plan during the fiscal year.

Neb. Rev. Stat. § 23-2332.01 (Reissue 2012) states, in part, that counties “shall establish and fund a supplemental retirement plan for the benefit of all present and future commissioned law enforcement personnel employed by such county who possess a valid law enforcement officer certificate or diploma, as established by the Nebraska Police Standards Advisory Council.”

When retirement contributions for law enforcement personnel are not appropriate, the County is not only noncompliant with State statute but also at a higher risk for the loss or misuse of funds.

We recommend the County Board implement procedures to ensure retirement contributions for law enforcement personnel are appropriate.

## **COUNTY CLERK**

### **Balancing Procedures**

During our review of the County Clerk’s office, we noted a complete and accurate bank reconciliation was not completed for the fiscal year. This lack of reconciliation resulted in the following errors:

- Copy fees paid on account during the fiscal year, totaling \$357, have never been remitted to the County Treasurer, and they were still held at June 30.
- The Clerk is maintaining an additional \$1,421 in the account that cannot be supported. This balance is most likely due to several years of unremitted copy fees collected.
- One deposit, totaling \$53, was deposited into the County Board bank account instead of the County Clerk’s bank account in January 2017. This had not been corrected at the time of audit fieldwork in March 2018.
- Fees collected from the sale of plat books in August 2015, totaling \$20, have never been remitted to the County Treasurer, and they were still held at June 30.
- An accurate record of accounts receivable is not maintained. As of June 30, the office was owed \$702 consisting of charges incurred from October 2016 through June 2017.

Neb. Rev. Stat. § 33-130 (Reissue 2016) requires all fees collected by the County Clerk to be remitted to the County Treasurer.

Additionally, sound accounting practices and good internal controls require that procedures be in place to ensure office records are accurate and reconcile with bank activity at least on a monthly basis. Reconciliation procedures should include not only an accounting for all receipts but also the timely identification and resolution of all variances noted.

Without such procedures, the County is susceptible to intentional and/or unintentional errors or omissions, which increase the risk of loss, theft, or misuse of public funds. This issue was also noted in prior audits.

We recommend the County Clerk implement procedures to ensure adequate records are maintained at all times to support balances, and complete, accurate monthly bank reconciliations are performed.

## COUNTY CLERK OF THE DISTRICT COURT

### Trust Balances

We noted the Clerk of the District Court was not adequately reviewing the Case Balance report to ensure the balances were proper, and appropriate action was taken timely. Seven of 12 case balances tested were not correct and current, as follows:

- Three balances held, totaling \$3,410, were past due to the State Treasurer as unclaimed property. Two of these balances, totaling \$3,320, were subsequently remitted to the State Treasurer in October 2017.
- Two balances held, totaling \$32, were incorrectly recorded in the accounting system and had not been corrected at the time of audit fieldwork in March 2018.
- One balance held, totaling \$90, had not been paid out to the appropriate party after a satisfaction of judgment was filed in May 2017.
- One balance held, totaling \$25, was incorrectly recorded in the accounting system upon receipt in March 2017. This error was not corrected until February 2018.

In addition, a variance of \$18 was identified during the reconciliation of the bank balance to the book balance in 2012; however, that variance has yet to be resolved.

Neb. Rev. Stat. § 69-1307.01 (Reissue 2009) states the following:

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

Neb. Rev. Stat. § 69-1310 (Reissue 2009) states, in relevant part, the following:

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

\* \* \* \*

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

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

When the Court’s monthly reports are not consistently reviewed in a timely manner, there is an increased risk of errors, omissions, and/or irregularities not being detected and resolved in a timely manner. A similar issue was noted in prior audits.

We strongly recommend the District Court perform a detailed review of all monthly financial reports, including the Monthly Case Balance Report, and resolve any unattached and/or unusual balances in a complete, accurate, and timely manner.

**Review of Overdue Case Balance Report**

We noted the Clerk of the District Court was not adequately reviewing the Overdue Case Balance Report to ensure the balances were proper, and appropriate action was taken timely. Eight of 10 case balances tested, totaling \$10,222, did not have subsequent action taken by the District Court to ensure collection and/or resolution of the balances. As of March 9, 2018, the report contained 160 overdue cases with a total owed of \$35,795. Of these 160 cases, no cases had a current warrant or suspension issued for nonpayment. The table below summarizes the number of overdue cases and amounts by year:

<b>Year Case Filed</b>	<b>Number of Cases</b>	<b>Amount Overdue</b>
1994	2	\$ 124
1995	8	\$ 5,528
1996	8	\$ 407
1997	6	\$ 3,041
1998	4	\$ 188
1999	2	\$ 253
2000	4	\$ 1,011
2001	2	\$ 182
2002	13	\$ 1,787
2003	10	\$ 908
2004	7	\$ 2,302
2005	4	\$ 122
2006	3	\$ 30
2007	3	\$ 106
2008	3	\$ 1,392
2009	8	\$ 4,653
2010	9	\$ 2,890
2011	12	\$ 1,929
2012	15	\$ 3,520
2013	11	\$ 264
2014	9	\$ 1,205
2015	7	\$ 734
2016	2	\$ 1,990
2017	5	\$ 1,138
2018	3	\$ 91
	<b>160</b>	<b>\$ 35,795</b>

Good internal control and sound business practices require overdue balances of the District Court to be reviewed on an ongoing, timely basis to determine what action should be taken to collect and/or resolve those balances.

Without a regular review of overdue case balances, there is an increased risk of loss, theft, or misuse of funds.

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

**COUNTY SURVEYOR / HIGHWAY DEPARTMENT**

**Accounts Receivable**

During the audit, we noted numerous delinquent accounts receivable balances that remained uncollected at June 30, 2017, for the County Surveyor and County Highway Department. Those balances are detailed in the following table:

Fiscal Year	County Surveyor		County Highway Department	
	Number of Outstanding Accounts	Amount Due at 6/30/17	Number of Outstanding Accounts	Amount Due at 6/30/17
2005	4	\$ 433	0	\$ 0
2006	0	\$ 0	2	\$ 522
2007	2	\$ 135	1	\$ 48
2008	1	\$ 125	0	\$ 0
2009	2	\$ 290	0	\$ 0
2010	6	\$ 600	4	\$ 493
2011	8	\$ 1,247	1	\$ 96
2012	1	\$ 271	1	\$ 235
2013	5	\$ 574	1	\$ 15
2014	6	\$ 491	0	\$ 0
2015	5	\$ 649	4	\$ 3,248
	<b>40</b>	<b>\$ 4,815</b>	<b>14</b>	<b>\$ 4,657</b>

Sound accounting practices and good internal controls require procedures to ensure that complete and adequate records of accounts receivable are maintained. Such procedures should also include a periodic review, at least annually, of overdue accounts receivable with the County Board to consider the feasibility of collection and/or the need for write-off approval if those accounts appear to be uncollectible.

Without these procedures, there is an increased risk that delinquent amounts will not be collected and/or resolved in a timely manner. This issue was also noted in prior audits.

We recommend the County Surveyor and County Highway Department implement procedures to ensure complete and adequate records of accounts receivable are maintained. We recommend also the County Board be consulted, at least annually, to determine whether accounts receivable should be pursued or approved to be written off.

### **County Highway Department Collections**

For one of five receipts tested, an invoice to Loup Township for sand and gravel was not correctly calculated, resulting in the County Highway Department overcharging the Township by \$800.

Good internal control and sound business practice require procedures to ensure all amounts charged are appropriately supported and calculated.

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

We recommend the County Highway Department implement procedures to ensure all amounts charged are appropriately supported and calculated.

## **COUNTY SHERIFF**

### **Balancing and Reconciliation Procedures**

As of June 30, 2017, we noted multiple issues with the County Sheriff's balancing and reconciliation procedures, as described below.

- A complete and accurate bank reconciliation was not performed during the fiscal year ended June 30, 2017, for each of the County Sheriff's three bank accounts, nor did the office maintain a book balance for these three accounts. Due to the lack of book balances, an unknown variance of \$246 existed in one of the accounts.
- A balance of \$6,883 in accounts payable was maintained at June 30; however, the County Sheriff could not provide a detailed list of those to whom these funds were owed.

Sound accounting practices and good internal controls require that procedures be in place to ensure adequate reconciliation and balancing methods are utilized. Such procedures should also include the timely identification and resolution of all variances noted and the maintenance of proper documentation to support correct balances.

Without such procedures, there is an increased risk not only for the loss, theft, or misuse of public funds, but also errors being allowed to go undetected more easily. This issue was noted in prior audit reports.

We recommend the County Sheriff implement procedures to ensure adequate reconciliation and balancing methods are utilized, variances are identified and resolved in a timely manner, and proper documentation is maintained to support correct balances.

## **Fee Activity Remittance**

During our audit, we noted multiple instances of the County Sheriff not remitting fees collected or earned, totaling \$6,340, to the County Treasurer in a timely manner, as detailed in the following table:

<b>Month Collected/Earned</b>	<b>Amount</b>	<b>Month Remitted</b>
Prior to July 1, 2016	\$ 851	Still held as of March 2018
September 2016	\$ 135	Still held as of March 2018
April 2017	\$ 2,470	January 2018
April 2017	\$ 550	Still held as of March 2018
May 2017	\$ 521	March 2018
May 2017	\$ 481	Still held as of March 2018
June 2017	\$ 304	Still held as of March 2018
June 2017	\$ 1,028	March 2018
<b>Total</b>	<b>\$ 6,340</b>	

Neb. Rev. Stat. § 33-117(3) (Reissue 2016) provides the following:

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

Additionally, sound accounting practices and good internal controls require procedures to ensure all fees collected by the office are remitted timely to the County Treasurer.

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

We recommend the County Sheriff implement procedures to ensure the fees collected or earned are remitted timely to the County Treasurer.

## **Petty Cash**

We noted the following issues with the County Sheriff's \$500 petty cash fund:

- During a cash count in March 2018, the office could not locate \$20 in cash maintained on hand or otherwise provide documentation to support the location of the monies.
- The office did not reconcile the petty cash on hand to the authorized amount of \$500. Due to this lack of reconciliation, the County Sheriff could not document the petty cash balance maintained in the bank account or support any purchases made that had not been reimbursed from the County Board.

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

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

Additionally, good internal controls and sound business practices require procedures to ensure the petty cash fund is adequately monitored and reconciled.

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

We recommend the County Sheriff implement procedures to adequately monitor its petty cash fund, including procedures to reconcile the fund back to the authorized amount.

### **COUNTY TREASURER**

#### **Reconciliation Procedures**

At the time of fieldwork on March 27, 2018, a complete and accurate reconciliation of the County's bank accounts to office records had not been completed since September 2017. This lack of timely reconciliation caused the following issues for the fiscal year:

- Interest received for five bank accounts, totaling \$2,700, was not receipted timely. Interest for two of these accounts, totaling \$187, received in May and June 2017, had not been receipted at the time of fieldwork.
- An error, totaling \$2, was recorded in the County Treasurer's records in July 2014; however, this error had not been corrected at the time of fieldwork.

Sound accounting practices and good internal controls require procedures to ensure the County's bank accounts are reconciled to office records at least monthly. Such procedures should include the timely identification and resolution of all variances noted, along with the receipt of interest and the correction of prior errors.

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

We recommend the County Treasurer implement procedures to ensure the County's bank accounts are reconciled to office records at least monthly. Such procedures should include the timely identification and resolution of all variances noted, along with the receipt of interest and the correction of prior errors.

#### **Petty Cash Fund**

During the audit, we noted the following associated with the \$6,000 petty cash fund maintained by the County Treasurer:

- One reimbursement tested for stop payment fees, totaling \$28, did not have supporting documentation attached to the claim.
- Cash items maintained at June 30 contained two purchases, totaling \$1,768, which were not requested for reimbursement in a timely manner. One of the purchases, totaling \$300, was made at least two years ago; however, as no documentation was on file, the actual date of purchase could not be determined. The other purchase, totaling \$1,468, was made on October 25, 2016.

Neb. Rev. Stat. § 23-135(1) (Reissue 2012) states, 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 controls and sound accounting practices require procedures to ensure each claim is supported by adequate documentation to verify that the payment is an appropriate use of county funds.

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

We recommend the County Treasurer implement procedures to ensure all petty cash activity is properly supported and remitted timely for reimbursement.

### **Motor Vehicle Tax Distributions**

During testing, it was noted that none of the 2016 motor vehicle taxes collected were distributed appropriately. The County Treasurer entered the incorrect tax levies into the computer system, resulting in the incorrect distribution.

The below table summarizes the subdivisions and the amount of incorrect distributions for the two months selected for testing. It is important to note that all of the 2016 motor vehicle taxes were distributed incorrectly; consequently, the table below, which reflects only the two months tested, does not fully encompass the error.

<b>Subdivision</b>	<b>Over (Under) Payments</b>
County Funds	\$ (13,512)
Central City School District 4	\$ 5,940
Twin River School District 30	\$ 672
Northwest School District 82	\$ 451
High Plains School District 75	\$ 1,458
Silver Creek	\$ 556
Clarks	\$ 1,291
Central City	\$ 3,056
Chapman	\$ 88

Neb. Rev. Stat. § 60-3,186(2) (Cum. Supp. 2016) states, in relevant part, the following:

*(b) After retaining one percent of the motor vehicle tax proceeds collected for costs incurred by the county treasurer, and after transferring one percent of the motor vehicle tax proceeds collected to the State Treasurer for credit to the Vehicle Title and Registration System Replacement and Maintenance Cash Fund, the remaining motor vehicle tax proceeds shall be allocated to each county, local school system, school district, city, and village in the tax district in which the motor vehicle has situs.*

*(c)(i) Twenty-two percent of the remaining motor vehicle tax proceeds shall be allocated to the county, (ii) sixty percent shall be allocated to the local school system or school district, and (iii) eighteen percent shall be allocated to the city or village, except that (A) if the tax district is not in a city or village, forty percent shall be allocated to the county, and (B) in counties containing a city of the metropolitan class, eighteen percent shall be allocated to the county and twenty-two percent shall be allocated to the city or village.*

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

We recommend the County Treasurer correct the erroneous motor vehicle tax distribution and implement procedures to ensure that all such distributions are calculated correctly in the future.

**Motor Vehicle Pro-Rate Distributions**

During the fiscal year 2015 audit, it was noted that the Motor Vehicle Pro-Rate Funds were not distributed appropriately. Then, during the fiscal year 2016 audit, it was noted the County Treasurer made an incorrect adjusting entry in an attempt to correct the 2015 distribution. No further adjustment was made during fiscal year 2017 to correct the error.

The table below shows the subdivisions and the remaining amount of the incorrect distributions from 2015:

<b>Subdivision</b>	<b>Over (Under) Payments</b>
Central City School District 4	\$ (599)
County Funds	\$ 139
Northwest School District 82	\$ 88
Central Community College	\$ 71
High Plains School District 75	\$ 70
Palmer School District 49	\$ 69
Twin River School District 30	\$ 39
Central City	\$ 25
Central Platte NRD	\$ 25
Agricultural Society	\$ 13
Fire Districts (7 Districts)*	\$ 20
School Districts (3 Districts)*	\$ 13
Municipalities (4 City/Villages)*	\$ 10
ESU (2 ESU's)*	\$ 10
Townships (11 Townships)*	\$ 6
NRD/Reclamation (2 Entities)*	\$ 1

\*Each subdivision was not listed, as variances were under \$10 per entity.

Neb. Rev. Stat. § 60-3,202(3) (Cum. Supp. 2016) 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.*

When motor vehicle tax distributions are not accurate or corrected in a timely manner, political subdivisions do not receive the appropriate amount of funding. This issue was also noted in prior audits.

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

### **Personal Property Tax Credit Distribution**

During fieldwork, we noted the following issues with the Personal Property Tax Credit distribution:

- The credit, totaling \$49,776, was received on March 1, 2017, from the State; however, the balance was not distributed to the political subdivisions of the County until March 27, 2018, over a year later.
- Due to the timing of the distribution, the County Treasurer used the 2017 tax levies instead of the 2016 tax levies that would have been in effect had the distribution been calculated in a timely manner.
- A 1% commission was not retained, resulting in \$498 being distributed to the districts that should have been retained by the County.
- Centrally Assessed Personal Property Tax Credit, totaling \$27,625, was received on February 15, 2017, from the State; however, it was not distributed to the political subdivisions of the County until March 21, 2018, over a year later.

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

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

Neb. Rev. Stat. § 77-1239(1) (Cum. Supp. 2016) states, in relevant part, the following:

*Out of the amount received, the county treasurer shall distribute to each of the taxing subdivisions within his or her county the full tax revenue lost by each subdivision, except that one percent of such amount shall be deposited in the county general fund.*

When personal property tax credit distributions are not accurate and timely, political subdivisions do not receive the appropriate amount of funding.

We recommend the County Treasurer correct the erroneous personal property tax credit distributions and implement procedures to ensure that all such distributions are correctly calculated and remitted timely to the appropriate parties in the future.

#### **4-H Building Bond Payments**

During the audit, we noted one bond payment, totaling \$138,244, for the 4-H Building bond was expended out of the Courthouse Bond Fund. Additionally, the payment of these funds by the County Treasurer was not approved by the County Board.

Neb. Rev. Stat. § 23-139 (Reissue 2012) states the following:

*Whenever a tax is levied for the payment of a specific debt, the amount of such tax collected shall be kept as a separate fund in the county treasury, and expended only in the liquidation of such indebtedness; Provided, any surplus remaining in the treasury after full payment of such indebtedness shall be transferred to the general fund of the county.*

Neb. Rev. Stat. § 23-1601(1) (Reissue 2012) states, in relevant part, the following:

*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.*

When bond payments are made out of the incorrect fund and without proper approval, there is an increased risk of loss and misuse of funds.

We recommend the County Treasurer implement procedures to ensure all expenditures are made from the appropriate funds and are properly approved by the County Board prior to payment.

\* \* \* \* \*

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, CPA  
Assistant Deputy Auditor