

**AUDIT REPORT  
OF  
MERRICK COUNTY**

**JULY 1, 2017, THROUGH JUNE 30, 2018**

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the Auditor of Public Accounts.**

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**Issued on January 14, 2019**

MERRICK COUNTY

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

**LIST OF COUNTY OFFICIALS**  
At June 30, 2018

<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	Kendra Lutz	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, 2018, 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, 2018, 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, 2018, 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 20-35, 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 December 31, 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.

December 31, 2018



Deann Haeffner, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska

MERRICK COUNTY  
**STATEMENT OF NET POSITION - CASH BASIS**  
 June 30, 2018

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents (Note 1.D)	\$ 3,902,834
Investments (Note 1.D)	99
<b>TOTAL ASSETS</b>	<b>\$ 3,902,933</b>
<b>NET POSITION</b>	
Restricted for:	
Visitor Promotion	\$ 7,740
911 Emergency Services	281,519
Drug Education	2,306
Law Enforcement	5,508
Preservation of Records	14,521
Debt Service	179,047
Road Project	522,803
Building Project	194,972
Unrestricted	2,694,517
<b>TOTAL NET POSITION</b>	<b>\$ 3,902,933</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, 2018

<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	\$ (2,877,056)	\$ 387,828	\$ 356,723	\$ (2,132,505)
Public Safety	(1,515,917)	47,140	82,888	(1,385,889)
Public Works	(2,974,166)	15	1,498,852	(1,475,299)
Public Assistance	(29,676)	-	-	(29,676)
Culture and Recreation	(6,303)	-	-	(6,303)
Debt Payments	(310,533)	-	-	(310,533)
<b>Total Governmental Activities</b>	<b>\$ (7,713,651)</b>	<b>\$ 434,983</b>	<b>\$ 1,938,463</b>	<b>(5,340,205)</b>

General Receipts:

Property Taxes	4,783,986
Grants and Contributions Not Restricted to Specific Programs	815,094
Investment Income	34,513
Licenses and Permits	30,550
Miscellaneous	130,697
<b>Total General Receipts</b>	<b>5,794,840</b>
 Increase in Net Position	 454,635
Net Position - Beginning of year	3,448,298
<b>Net Position - End of year</b>	<b>\$ 3,902,933</b>

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, 2018

	General Fund	Road Fund	Inheritance Fund	Street Road Buyback Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and Cash Equivalents (Note 1.D)	\$ 889,281	\$ 137,635	\$ 1,549,768	\$ 522,803	\$ 803,347	\$ 3,902,834
Investments (Note 1.D)	99	-	-	-	-	99
<b>TOTAL ASSETS</b>	<b>\$ 889,380</b>	<b>\$ 137,635</b>	<b>\$ 1,549,768</b>	<b>\$ 522,803</b>	<b>\$ 803,347</b>	<b>\$ 3,902,933</b>
<b>FUND BALANCES</b>						
Restricted for:						
Visitor Promotion	-	-	-	-	7,740	7,740
911 Emergency Services	-	-	-	-	281,519	281,519
Drug Education	-	-	-	-	2,306	2,306
Law Enforcement	-	-	-	-	5,508	5,508
Preservation of Records	-	-	-	-	14,521	14,521
Debt Service	-	-	-	-	179,047	179,047
Road Project	-	-	-	522,803	-	522,803
Building Project	-	-	-	-	194,972	194,972
Committed to:						
Law Enforcement	-	-	-	-	68,050	68,050
Road Maintenance	-	137,635	-	-	-	137,635
Aid and Assistance	-	-	-	-	8,223	8,223
County Buildings	-	-	-	-	1,372	1,372
Equipment	-	-	-	-	40,089	40,089
Assigned to:						
Other Purposes	-	-	1,549,768	-	-	1,549,768
Unassigned	889,380	-	-	-	-	889,380
<b>TOTAL CASH BASIS FUND BALANCES</b>	<b>\$ 889,380</b>	<b>\$ 137,635</b>	<b>\$ 1,549,768</b>	<b>\$ 522,803</b>	<b>\$ 803,347</b>	<b>\$ 3,902,933</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, 2018

	General Fund	Road Fund	Inheritance Fund	Street Road Buyback Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>						
Property Taxes	\$4,059,302	\$ -	\$ 407,775	\$ -	\$ 316,909	\$ 4,783,986
Licenses and Permits	30,550	-	-	-	-	30,550
Investment Income	33,491	-	-	-	1,022	34,513
Intergovernmental	541,202	1,590,152	-	213,070	409,133	2,753,557
Charges for Services	386,651	15	-	-	48,317	434,983
Miscellaneous	19,751	28,335	25,000	-	57,611	130,697
<b>TOTAL RECEIPTS</b>	<u>5,070,947</u>	<u>1,618,502</u>	<u>432,775</u>	<u>213,070</u>	<u>832,992</u>	<u>8,168,286</u>
<b>DISBURSEMENTS</b>						
General Government	2,493,658	-	46,503	-	336,895	2,877,056
Public Safety	1,318,962	-	-	-	196,955	1,515,917
Public Works	52,460	2,821,706	-	100,000	-	2,974,166
Public Assistance	29,676	-	-	-	-	29,676
Culture and Recreation	-	-	-	-	6,303	6,303
Debt Service:						
Principal Payments	-	-	15,000	-	235,000	250,000
Interest and Fiscal Charges	-	-	128	-	60,405	60,533
<b>TOTAL DISBURSEMENTS</b>	<u>3,894,756</u>	<u>2,821,706</u>	<u>61,631</u>	<u>100,000</u>	<u>835,558</u>	<u>7,713,651</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>1,176,191</u>	<u>(1,203,204)</u>	<u>371,144</u>	<u>113,070</u>	<u>(2,566)</u>	<u>454,635</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	6,739	954,270	15,128	-	219,875	1,196,012
Transfers out	(970,270)	-	(105,985)	-	(119,757)	(1,196,012)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(963,531)</u>	<u>954,270</u>	<u>(90,857)</u>	<u>-</u>	<u>100,118</u>	<u>-</u>
Net Change in Fund Balances	212,660	(248,934)	280,287	113,070	97,552	454,635
<b>CASH BASIS FUND BALANCES - BEGINNING</b>	<u>676,720</u>	<u>386,569</u>	<u>1,269,481</u>	<u>409,733</u>	<u>705,795</u>	<u>3,448,298</u>
<b>CASH BASIS FUND BALANCES - ENDING</b>	<u>\$ 889,380</u>	<u>\$ 137,635</u>	<u>\$ 1,549,768</u>	<u>\$ 522,803</u>	<u>\$ 803,347</u>	<u>\$ 3,902,933</u>

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, 2018

	Agency Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 2,131,482
 <b>LIABILITIES</b>	
Due to other governments	
State	119,606
Schools	1,439,144
Educational Service Units	23,415
Technical College	145,460
Natural Resource Districts	49,816
Fire Districts	39,046
Municipalities	88,891
Agricultural Society	6,274
Drainage Districts	937
Townships	204,792
Others	14,101
<b>TOTAL LIABILITIES</b>	<b>2,131,482</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, 2018

#### 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 Long-Term Care Facility (Nursing Home) 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 Nursing Home necessary for reporting in conformity with generally accepted accounting principles (GAAP). Complete financial statements of the Nursing Home can be obtained from the Nursing Home'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 \$19,986 toward the operation of the Region during fiscal year 2018. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Department of Health and Human Services requires the Region to be audited annually in accordance with State statute. Financial information for the Region is available in those audit reports.

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

**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 \$25,378 toward the operation of the Department during fiscal year 2018. 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 Nursing Home. 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 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.

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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.

**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 Courthouse Bond Fund and the 4-H Building Bond Fund account for the resources for, and the payment of, general long-term debt principal, interest, and related costs.

The County designates fund balances as follows:

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

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

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

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

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

**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.

**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.

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

**Restricted Net Position.** When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$1,208,416 of restricted net position, which is fully restricted by enabling legislation.

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

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

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

**Excess of Disbursements Over Appropriations.** For the year ended June 30, 2018, disbursements exceeded budgeted appropriations in the in the Courthouse Bond Fund by \$15,127. These over-expenditures were the result of an additional transfer out of the fund to correct a coding error.

## MERRICK COUNTY

### NOTES TO FINANCIAL STATEMENTS

(Continued)

#### 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 \$3,902,834 for County funds and \$2,131,482 for Fiduciary funds. The bank balances for all funds totaled \$6,032,127. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2018, 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 \$99 deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a seven-member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income that has accrued to each participant is converted as of the close of business of each calendar month into additional units, which thereafter are held in each participant's trust account. Since net income of the fund is allocated among participants each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name.

#### 3. Property Taxes

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

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

The levy set in October 2017, for the 2017 taxes, which will be materially collected in May and September 2018, was set at \$.236324/\$100 of assessed valuation. The levy set in October 2016, for the 2016 taxes, which were materially collected in May and September 2017, was set at \$.236314/\$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.

## MERRICK COUNTY

### NOTES TO FINANCIAL STATEMENTS

(Continued)

#### 4. Retirement System

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

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, 2018, 76 employees contributed \$108,594, and the County contributed \$160,803. Contributions included \$4,197 in cash contributions towards the supplemental law enforcement plan for 11 law enforcement employees. Lastly, the County paid \$1,416 directly to nine 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 91 counties and local governments throughout Nebraska.

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. **Risk Management** (Concluded)

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 for an additional contribution. Each county remains liable for such assessments, regardless of such county's withdrawal from participation or the termination of the agreement, as well as for liabilities of the pool incurred during such county's period of membership.

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

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

The County has not paid any additional assessments to the pool or paid out any amounts that exceeded coverage provided by the pool in the last three fiscal years. There were no significant reductions in insurance coverage from the prior year coverage.

6. **Interfund Transfers**

Interfund transfers for the year ended June 30, 2018, consisted of the following:

<u>Transfers to</u>	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
Road Fund	\$ 954,270	\$ -	\$ -	\$ 954,270
Inheritance Fund	-	-	15,128	15,128
General Fund	-	-	6,739	6,739
Nonmajor Funds	16,000	105,985	97,890	219,875
Total	<u>\$ 970,270</u>	<u>\$ 105,985</u>	<u>\$ 119,757</u>	<u>\$ 1,196,012</u>

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

In the year ended June 30, 2018, the County made a one-time transfer of \$6,739 from the 911 Wireless Service Fund to the General Fund to reimburse eligible expenses originally paid from the General Fund in accordance with requirements of the Nebraska Public Service Commission. Additionally, a one-time transfer of \$15,128 was made from the Courthouse Bond Fund to the Inheritance Fund to correct a coding error. Finally, the 911 Emergency Fund was closed during fiscal year 2018, and the remaining fund balance of \$97,890 was transferred to the newly created Emergency Management Fund.

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

7. **Capital Leases Payable**

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

	Radio Equipment
Balance July 1, 2017	\$ -
Purchases	115,965
Payments	23,193
Balance June 30, 2018	<u>\$ 92,772</u>
Future Payments:	
<b>Year</b>	
2019	\$ 23,193
2020	23,193
2021	23,193
2022	23,193
Total Future Payments	<u>92,772</u>
Carrying Value of the Related Fixed Asset	<u>\$ 115,965</u>

8. **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, 2018, was \$985,000. 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>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	125,000	8,185	133,185
2024-2026	370,000	10,748	380,748
Total Payments	<u>\$ 985,000</u>	<u>\$ 68,514</u>	<u>\$ 1,053,514</u>

MERRICK COUNTY

NOTES TO FINANCIAL STATEMENTS

(Concluded)

8. **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 costs of constructing, equipping, and making site preparations for a County building to be used as a 4-H Center for the County and making related improvements. The bond payable balance, as of June 30, 2018, was \$1,770,000. 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>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	130,000	32,397	162,397
2024-2028	685,000	116,028	801,028
2029-2033	465,000	22,066	487,066
<b>Total Payments</b>	<u>\$ 1,770,000</u>	<u>\$ 325,081</u>	<u>\$ 2,095,081</u>

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

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 4,317,000	\$ 4,317,000	\$ 4,059,302	\$ (257,698)
Licenses and Permits	26,120	26,120	30,550	4,430
Interest	22,000	22,000	33,491	11,491
Intergovernmental	67,030	67,030	541,202	474,172
Charges for Services	354,405	354,405	386,651	32,246
Miscellaneous	6,100	6,100	19,751	13,651
TOTAL RECEIPTS	<u>4,792,655</u>	<u>4,792,655</u>	<u>5,070,947</u>	<u>278,292</u>
<b>DISBURSEMENTS</b>				
General Government:				
County Board	106,502	106,502	102,103	4,399
County Clerk	155,612	155,612	142,891	12,721
County Treasurer	154,164	154,164	142,446	11,718
County Assessor	144,423	144,423	129,957	14,466
Election Commissioner	29,990	29,990	20,678	9,312
Building and Zoning	26,683	26,683	18,231	8,452
Clerk of the District Court	96,165	96,165	90,716	5,449
County Court System	8,950	8,950	8,925	25
Building and Grounds	205,688	205,688	164,496	41,192
Reappraisal	70,240	70,240	10,130	60,110
Agricultural Extension Agent	104,317	104,317	104,032	285
Child Support	21,235	21,235	16,260	4,975
Miscellaneous	1,843,804	1,843,804	1,542,793	301,011
Public Safety				
County Sheriff	742,261	742,261	637,523	104,738
County Attorney	190,706	190,706	169,136	21,570
Communication Center	352,020	352,020	291,405	60,615
County Jail	342,700	342,700	206,590	136,110
Emergency Management	37,960	37,960	14,308	23,652
Public Works				
County Surveyor	60,252	60,252	52,460	7,792
Public Assistance				
Veterans' Service Officer	33,971	33,971	29,676	4,295
TOTAL DISBURSEMENTS	<u>4,727,643</u>	<u>4,727,643</u>	<u>3,894,756</u>	<u>832,887</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>				
	<u>65,012</u>	<u>65,012</u>	<u>1,176,191</u>	<u>1,111,179</u>

(Continued)

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

For the Year Ended June 30, 2018

	<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	786,802	786,802	6,739	(780,063)
Transfers out	(970,270)	(970,270)	(970,270)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(183,468)</u>	<u>(183,468)</u>	<u>(963,531)</u>	<u>(780,063)</u>
Net Change in Fund Balance	(118,456)	(118,456)	212,660	331,116
<b>FUND BALANCE - BEGINNING</b>	<u>645,967</u>	<u>645,967</u>	<u>676,720</u>	<u>30,753</u>
<b>FUND BALANCE - ENDING</b>	<u><u>\$ 527,511</u></u>	<u><u>\$ 527,511</u></u>	<u><u>\$ 889,380</u></u>	<u><u>\$ 361,869</u></u>

(Concluded)

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

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD FUND</b>				
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,989,085	\$ 1,989,085	\$ 1,590,152	\$ (398,933)
Charges for Services	5,000	5,000	15	(4,985)
Miscellaneous	67,000	67,000	28,335	(38,665)
<b>TOTAL RECEIPTS</b>	<u>2,061,085</u>	<u>2,061,085</u>	<u>1,618,502</u>	<u>(442,583)</u>
<b>DISBURSEMENTS</b>	<u>3,398,497</u>	<u>3,398,497</u>	<u>2,821,706</u>	<u>576,791</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(1,337,412)</u>	<u>(1,337,412)</u>	<u>(1,203,204)</u>	<u>134,208</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,204,270	1,204,270	954,270	(250,000)
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,204,270</u>	<u>1,204,270</u>	<u>954,270</u>	<u>(250,000)</u>
Net Change in Fund Balance	(133,142)	(133,142)	(248,934)	(115,792)
FUND BALANCE - BEGINNING	954,740	954,740	386,569	(568,171)
FUND BALANCE - ENDING	<u>\$ 821,598</u>	<u>\$ 821,598</u>	<u>\$ 137,635</u>	<u>\$ (683,963)</u>
<b>INHERITANCE FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 50,000	\$ 50,000	\$ 407,775	\$ 357,775
Miscellaneous	-	-	25,000	25,000
<b>TOTAL RECEIPTS</b>	<u>50,000</u>	<u>50,000</u>	<u>432,775</u>	<u>382,775</u>
<b>DISBURSEMENTS</b>	<u>254,584</u>	<u>254,584</u>	<u>61,631</u>	<u>192,953</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(204,584)</u>	<u>(204,584)</u>	<u>371,144</u>	<u>575,728</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	15,128	15,128
Transfers out	(1,023,047)	(1,023,047)	(105,985)	917,062
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,023,047)</u>	<u>(1,023,047)</u>	<u>(90,857)</u>	<u>932,190</u>
Net Change in Fund Balance	(1,227,631)	(1,227,631)	280,287	1,507,918
FUND BALANCE - BEGINNING	1,277,631	1,277,631	1,269,481	(8,150)
FUND BALANCE - ENDING	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 1,549,768</u>	<u>\$ 1,499,768</u>

(Continued)

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

For the Year Ended June 30, 2018

	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	\$ 213,070	\$ (6,910)
<b>TOTAL RECEIPTS</b>	<u>219,980</u>	<u>219,980</u>	<u>213,070</u>	<u>(6,910)</u>
DISBURSEMENTS	<u>409,733</u>	<u>409,733</u>	<u>100,000</u>	<u>309,733</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(189,753)</u>	<u>(189,753)</u>	<u>113,070</u>	<u>302,823</u>
Net Change in Fund Balance	(189,753)	(189,753)	113,070	302,823
FUND BALANCE - BEGINNING	<u>599,486</u>	<u>599,486</u>	<u>409,733</u>	<u>(189,753)</u>
FUND BALANCE - ENDING	<u>\$ 409,733</u>	<u>\$ 409,733</u>	<u>\$ 522,803</u>	<u>\$ 113,070</u>

(Concluded)

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

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>VISITOR'S PROMOTION FUND</b>				
Receipts	\$ 4,000	\$ 4,000	\$ 4,798	\$ 798
Disbursements	(9,245)	(9,245)	(6,303)	2,942
Net Change in Fund Balance	(5,245)	(5,245)	(1,505)	3,740
Fund Balance - Beginning	9,245	9,245	9,245	-
Fund Balance - Ending	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ 7,740</u>	<u>\$ 3,740</u>
<b>PRESERVATION AND MODERNIZATION FUND</b>				
Receipts	\$ 5,000	\$ 5,000	\$ 6,599	\$ 1,599
Disbursements	(12,712)	(12,712)	(790)	11,922
Net Change in Fund Balance	(7,712)	(7,712)	5,809	13,521
Fund Balance - Beginning	8,712	8,712	8,712	-
Fund Balance - Ending	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 14,521</u>	<u>\$ 13,521</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	\$ 118,373	\$ 118,373	\$ 81,904	\$ (36,469)
Disbursements	(191,450)	(191,450)	(139,821)	51,629
Transfers in	16,000	16,000	16,000	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(57,077)	(57,077)	(41,917)	15,160
Fund Balance - Beginning	64,227	64,227	64,227	-
Fund Balance - Ending	<u>\$ 7,150</u>	<u>\$ 7,150</u>	<u>\$ 22,310</u>	<u>\$ 15,160</u>
<b>STOP PROGRAM FUND</b>				
Receipts	\$ 2,000	\$ 2,000	\$ 2,725	\$ 725
Disbursements	(8,288)	(8,288)	(4,390)	3,898
Net Change in Fund Balance	(6,288)	(6,288)	(1,665)	4,623
Fund Balance - Beginning	8,513	8,513	8,513	-
Fund Balance - Ending	<u>\$ 2,225</u>	<u>\$ 2,225</u>	<u>\$ 6,848</u>	<u>\$ 4,623</u>

(Continued)

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

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>DRUG LAW ENFORCEMENT FUND</b>				
Receipts	\$ -	\$ -	\$ 718	\$ 718
Disbursements	(4,499)	(4,499)	(2,911)	1,588
Net Change in Fund Balance	(4,499)	(4,499)	(2,193)	2,306
Fund Balance - Beginning	4,499	4,499	4,499	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,306</u>	<u>\$ 2,306</u>
<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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38</u>	<u>\$ 38</u>
<b>CANINE FUND</b>				
Receipts	\$ 35,000	\$ 35,000	\$ 28,226	\$ (6,774)
Disbursements	(35,000)	(35,000)	(15,912)	19,088
Net Change in Fund Balance	-	-	12,314	12,314
Fund Balance - Beginning	891	891	891	-
Fund Balance - Ending	<u>\$ 891</u>	<u>\$ 891</u>	<u>\$ 13,205</u>	<u>\$ 12,314</u>
<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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,508</u>	<u>\$ 5,508</u>
<b>911 WIRELESS SERVICE FUND</b>				
Receipts	\$ 44,060	\$ 44,060	\$ 44,060	\$ -
Disbursements	(4,828)	(4,828)	(18,546)	(13,718)
Transfers in	-	-	-	-
Transfers out	(45,971)	(45,971)	(6,739)	39,232
Net Change in Fund Balance	(6,739)	(6,739)	18,775	25,514
Fund Balance - Beginning	140,530	140,530	43,776	(96,754)
Fund Balance - Ending	<u>\$ 133,791</u>	<u>\$ 133,791</u>	<u>\$ 62,551</u>	<u>\$ (71,240)</u>

(Continued)

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

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>911 WIRELESS SERVICE HOLDING FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(140,074)	(140,074)	-	140,074
Transfers in	39,232	39,232	-	(39,232)
Transfers out	-	-	-	-
Net Change in Fund Balance	(100,842)	(100,842)	-	100,842
Fund Balance - Beginning	111,632	111,632	111,632	-
Fund Balance - Ending	<u>\$ 10,790</u>	<u>\$ 10,790</u>	<u>\$ 111,632</u>	<u>\$ 100,842</u>
<b>COMMISSARY FUND</b>				
Receipts	\$ 200	\$ 200	\$ 9,718	\$ 9,518
Disbursements	(10,105)	(10,105)	(4,427)	5,678
Transfers in	-	-	-	-
Transfers out	(7,000)	(7,000)	-	7,000
Net Change in Fund Balance	(16,905)	(16,905)	5,291	22,196
Fund Balance - Beginning	17,105	17,105	17,105	-
Fund Balance - Ending	<u>\$ 200</u>	<u>\$ 200</u>	<u>\$ 22,396</u>	<u>\$ 22,196</u>
<b>COUNTY SINKING FUND</b>				
Receipts	\$ -	\$ -	\$ 44	\$ 44
Disbursements	(40,045)	(40,045)	-	40,045
Net Change in Fund Balance	(40,045)	(40,045)	44	40,089
Fund Balance - Beginning	40,045	40,045	40,045	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,089</u>	<u>\$ 40,089</u>
<b>911 EMERGENCY FUND</b>				
Receipts	\$ -	\$ -	\$ 2,632	\$ 2,632
Disbursements	(888)	(888)	(888)	-
Transfers in	-	-	-	-
Transfers out	(97,890)	(97,890)	(97,890)	-
Net Change in Fund Balance	(98,778)	(98,778)	(96,146)	2,632
Fund Balance - Beginning	98,778	98,778	96,146	(2,632)
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

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

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>4-H BUILDING BOND FUND</b>				
Receipts	\$ 160,650	\$ 160,650	\$ 161,580	\$ 930
Disbursements	(159,648)	(159,648)	(159,648)	-
Transfers in	-	-	10,835	10,835
Transfers out	-	-	-	-
Net Change in Fund Balance	1,002	1,002	12,767	11,765
Fund Balance - Beginning	78,925	78,925	78,925	-
Fund Balance - Ending	<u>\$ 79,927</u>	<u>\$ 79,927</u>	<u>\$ 91,692</u>	<u>\$ 11,765</u>
<b>COURTHOUSE BUILDING FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	1,372	1,372	1,372	-
Fund Balance - Ending	<u>\$ 1,372</u>	<u>\$ 1,372</u>	<u>\$ 1,372</u>	<u>\$ -</u>
<b>ADULT DRUG COURT FUND</b>				
Receipts	\$ -	\$ -	\$ 3,253	\$ 3,253
Disbursements	-	-	-	-
Net Change in Fund Balance	-	-	3,253	3,253
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,253</u>	<u>\$ 3,253</u>
<b>ECONOMIC DEVELOPMENT FUND</b>				
Receipts	\$ 305,000	\$ 305,000	\$ 300,000	\$ (5,000)
Disbursements	(305,000)	(305,000)	(300,000)	5,000
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>EMERGENCY MANAGEMENT</b>				
Receipts	\$ 25,180	\$ 25,180	\$ 19,506	\$ (5,674)
Disbursements	(45,450)	(45,450)	(10,060)	35,390
Transfers in	97,890	97,890	97,890	-
Transfers out	-	-	-	-
Net Change in Fund Balance	77,620	77,620	107,336	29,716
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ 77,620</u>	<u>\$ 77,620</u>	<u>\$ 107,336</u>	<u>\$ 29,716</u>

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

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>4-H BUILDING FUND</b>				
Receipts	\$ 520,000	\$ 520,000	\$ 52,554	\$ (467,446)
Disbursements	(527,772)	(527,772)	(36,105)	491,667
Net Change in Fund Balance	(7,772)	(7,772)	16,449	24,221
Fund Balance - Beginning	328,141	328,141	178,523	(149,618)
Fund Balance - Ending	<u>\$ 320,369</u>	<u>\$ 320,369</u>	<u>\$ 194,972</u>	<u>\$ (125,397)</u>
<b>COURTHOUSE BOND FUND</b>				
Receipts	\$ 136,750	\$ 136,750	\$ 114,675	\$ (22,075)
Disbursements	(135,758)	(135,758)	(135,757)	1
Transfers in	-	-	95,150	95,150
Transfers out	-	-	(15,128)	(15,128)
Net Change in Fund Balance	992	992	58,940	57,948
Fund Balance - Beginning	28,415	28,415	28,415	-
Fund Balance - Ending	<u>\$ 29,407</u>	<u>\$ 29,407</u>	<u>\$ 87,355</u>	<u>\$ 57,948</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, 2018

	Visitor's Promotion Fund	Preservation and Modernization Fund	Veteran's Relief Fund	Juvenile Diversion Fund	STOP Program Fund	Drug Law Enforcement Fund
<b>RECEIPTS</b>						
Property Taxes	\$ 4,798	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Income	-	-	-	-	-	-
Intergovernmental	-	-	-	78,567	-	-
Charges for Services	-	6,599	-	2,789	2,725	-
Miscellaneous	-	-	-	548	-	718
<b>TOTAL RECEIPTS</b>	<u>4,798</u>	<u>6,599</u>	<u>-</u>	<u>81,904</u>	<u>2,725</u>	<u>718</u>
<b>DISBURSEMENTS</b>						
General Government	-	790	-	-	-	-
Public Safety	-	-	-	139,821	4,390	2,911
Culture and Recreation	6,303	-	-	-	-	-
Debt Service:						
Principal Payments	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>6,303</u>	<u>790</u>	<u>-</u>	<u>139,821</u>	<u>4,390</u>	<u>2,911</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(1,505)</u>	<u>5,809</u>	<u>-</u>	<u>(57,917)</u>	<u>(1,665)</u>	<u>(2,193)</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>	<u>-</u>
Net Change in Fund Balances	(1,505)	5,809	-	(41,917)	(1,665)	(2,193)
<b>FUND BALANCES - BEGINNING</b>	<u>9,245</u>	<u>8,712</u>	<u>8,223</u>	<u>64,227</u>	<u>8,513</u>	<u>4,499</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 7,740</u>	<u>\$ 14,521</u>	<u>\$ 8,223</u>	<u>\$ 22,310</u>	<u>\$ 6,848</u>	<u>\$ 2,306</u>
<b>FUND BALANCES:</b>						
Restricted for:						
Visitor Promotion	7,740	-	-	-	-	-
911 Emergency Services	-	-	-	-	-	-
Drug Education	-	-	-	-	-	2,306
Law Enforcement	-	-	-	-	-	-
Preservation of Records	-	14,521	-	-	-	-
Debt Service	-	-	-	-	-	-
Building Project	-	-	-	-	-	-
Committed to:						
Law Enforcement	-	-	-	22,310	6,848	-
Aid and Assistance	-	-	8,223	-	-	-
County Buildings	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 7,740</u>	<u>\$ 14,521</u>	<u>\$ 8,223</u>	<u>\$ 22,310</u>	<u>\$ 6,848</u>	<u>\$ 2,306</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, 2018

	DARE Fund	Canine Fund	Juvenile Services Grant Fund	911 Wireless Service Fund	911 Wireless Service Holding Fund	Commissary Fund
<b>RECEIPTS</b>						
Property Taxes	\$ -	\$ -	\$ -	\$44,060	\$ -	\$ -
Investment Income	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	9,718
Miscellaneous	-	28,226	-	-	-	-
<b>TOTAL RECEIPTS</b>	<u>-</u>	<u>28,226</u>	<u>-</u>	<u>44,060</u>	<u>-</u>	<u>9,718</u>
<b>DISBURSEMENTS</b>						
General Government	-	-	-	-	-	-
Public Safety	-	15,912	-	18,546	-	4,427
Culture and Recreation	-	-	-	-	-	-
Debt Service:						
Principal Payments	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>-</u>	<u>15,912</u>	<u>-</u>	<u>18,546</u>	<u>-</u>	<u>4,427</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>-</u>	<u>12,314</u>	<u>-</u>	<u>25,514</u>	<u>-</u>	<u>5,291</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(6,739)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,739)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	12,314	-	18,775	-	5,291
<b>FUND BALANCES - BEGINNING</b>	<u>38</u>	<u>891</u>	<u>5,508</u>	<u>43,776</u>	<u>111,632</u>	<u>17,105</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 38</u>	<u>\$13,205</u>	<u>\$ 5,508</u>	<u>\$62,551</u>	<u>\$ 111,632</u>	<u>\$ 22,396</u>
<b>FUND BALANCES:</b>						
Restricted for:						
Visitor Promotion	-	-	-	-	-	-
911 Emergency Services	-	-	-	62,551	111,632	-
Drug Education	-	-	-	-	-	-
Law Enforcement	-	-	5,508	-	-	-
Preservation of Records	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Building Project	-	-	-	-	-	-
Committed to:						
Law Enforcement	38	13,205	-	-	-	22,396
Aid and Assistance	-	-	-	-	-	-
County Buildings	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 38</u>	<u>\$13,205</u>	<u>\$ 5,508</u>	<u>\$62,551</u>	<u>\$ 111,632</u>	<u>\$ 22,396</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, 2018

	County Sinking Fund	911 Emergency Fund	4-H Building Bond Fund	Courthouse Building Fund	Adult Drug Court Fund
<b>RECEIPTS</b>					
Property Taxes	\$ 44	\$ 2,632	\$ 144,936	\$ -	\$ -
Investment Income	-	-	-	-	-
Intergovernmental	-	-	16,644	-	-
Charges for Services	-	-	-	-	3,253
Miscellaneous	-	-	-	-	-
<b>TOTAL RECEIPTS</b>	<u>44</u>	<u>2,632</u>	<u>161,580</u>	<u>-</u>	<u>3,253</u>
<b>DISBURSEMENTS</b>					
General Government	-	-	-	-	-
Public Safety	-	888	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal Payments	-	-	115,000	-	-
Interest and Fiscal Charges	-	-	44,648	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>-</u>	<u>888</u>	<u>159,648</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>44</u>	<u>1,744</u>	<u>1,932</u>	<u>-</u>	<u>3,253</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	10,835	-	-
Transfers out	-	(97,890)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>(97,890)</u>	<u>10,835</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	44	(96,146)	12,767	-	3,253
<b>FUND BALANCES - BEGINNING</b>	<u>40,045</u>	<u>96,146</u>	<u>78,925</u>	<u>1,372</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$40,089</u>	<u>\$ -</u>	<u>\$ 91,692</u>	<u>\$ 1,372</u>	<u>\$ 3,253</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	-	-	-
Debt Service	-	-	91,692	-	-
Building Project	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	3,253
Aid and Assistance	-	-	-	-	-
County Buildings	-	-	-	1,372	-
Equipment	40,089	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$40,089</u>	<u>\$ -</u>	<u>\$ 91,692</u>	<u>\$ 1,372</u>	<u>\$ 3,253</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, 2018

	Economic Development Fund	Emergency Management	4-H Building Fund	Courthouse Bond Fund	Total Nonmajor Governmental Funds
<b>RECEIPTS</b>					
Property Taxes	\$ -	\$ 19,506	\$ 180	\$ 100,753	\$ 316,909
Investment Income	-	-	1,022	-	1,022
Intergovernmental	300,000	-	-	13,922	409,133
Charges for Services	-	-	23,233	-	48,317
Miscellaneous	-	-	28,119	-	57,611
<b>TOTAL RECEIPTS</b>	<u>300,000</u>	<u>19,506</u>	<u>52,554</u>	<u>114,675</u>	<u>832,992</u>
<b>DISBURSEMENTS</b>					
General Government	300,000	-	36,105	-	336,895
Public Safety	-	10,060	-	-	196,955
Culture and Recreation	-	-	-	-	6,303
Debt Service:					
Principal Payments	-	-	-	120,000	235,000
Interest and Fiscal Charges	-	-	-	15,757	60,405
<b>TOTAL DISBURSEMENTS</b>	<u>300,000</u>	<u>10,060</u>	<u>36,105</u>	<u>135,757</u>	<u>835,558</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>-</u>	<u>9,446</u>	<u>16,449</u>	<u>(21,082)</u>	<u>(2,566)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	97,890	-	95,150	219,875
Transfers out	-	-	-	(15,128)	(119,757)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>97,890</u>	<u>-</u>	<u>80,022</u>	<u>100,118</u>
Net Change in Fund Balances	-	107,336	16,449	58,940	97,552
<b>FUND BALANCES - BEGINNING</b>	<u>-</u>	<u>-</u>	<u>178,523</u>	<u>28,415</u>	<u>705,795</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ -</u>	<u>\$ 107,336</u>	<u>\$ 194,972</u>	<u>\$ 87,355</u>	<u>\$ 803,347</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	-	-	-	-	7,740
911 Emergency Services	-	107,336	-	-	281,519
Drug Education	-	-	-	-	2,306
Law Enforcement	-	-	-	-	5,508
Preservation of Records	-	-	-	-	14,521
Debt Service	-	-	-	87,355	179,047
Building Project	-	-	194,972	-	194,972
Committed to:					
Law Enforcement	-	-	-	-	68,050
Aid and Assistance	-	-	-	-	8,223
County Buildings	-	-	-	-	1,372
Equipment	-	-	-	-	40,089
<b>TOTAL FUND BALANCES</b>	<u>\$ -</u>	<u>\$ 107,336</u>	<u>\$ 194,972</u>	<u>\$ 87,355</u>	<u>\$ 803,347</u>

(Concluded)

**MERRICK COUNTY**  
**SCHEDULE OF OFFICE ACTIVITIES**  
For the Year Ended June 30, 2018

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Highway Superintendent	Veterans' Service Officer
BALANCES JULY 1, 2017	\$ 14,002	\$ 62,839	\$ 14,114	\$ 143	\$ 96,850	\$ 479
<b>RECEIPTS</b>						
Property Taxes	-	-	-	-	-	-
Licenses and Permits	900	-	815	-	-	-
Intergovernmental	-	-	-	2,679	147,493	-
Charges for Services	76,178	14,032	37,151	5,605	17,688	-
Miscellaneous	-	-	28,226	-	710	-
State Fees	97,427	18,696	-	-	619	-
Other Liabilities	-	126,952	99,853	8,204	-	-
<b>TOTAL RECEIPTS</b>	<b>174,505</b>	<b>159,680</b>	<b>166,045</b>	<b>16,488</b>	<b>166,510</b>	<b>-</b>
<b>DISBURSEMENTS</b>						
Payments to County Treasurer	74,386	13,732	65,982	8,404	123,497	-
Payments to State Treasurer	92,112	20,230	30	-	649	-
Other Liabilities	-	156,535	99,063	8,207	-	122
<b>TOTAL DISBURSEMENTS</b>	<b>166,498</b>	<b>190,497</b>	<b>165,075</b>	<b>16,611</b>	<b>124,146</b>	<b>122</b>
BALANCES JUNE 30, 2018	<u>\$ 22,009</u>	<u>\$ 32,022</u>	<u>\$ 15,084</u>	<u>\$ 20</u>	<u>\$ 139,214</u>	<u>\$ 357</u>
<b>BALANCES CONSIST OF:</b>						
Due to County Treasurer	\$ 10,682	\$ 883	\$ 13,798	\$ 20	\$ 139,045	\$ 357
Petty Cash	1,100	-	-	-	-	-
Due to State Treasurer	10,227	215	-	-	169	-
Due to Others	-	30,924	1,286	-	-	-
BALANCES JUNE 30, 2018	<u>\$ 22,009</u>	<u>\$ 32,022</u>	<u>\$ 15,084</u>	<u>\$ 20</u>	<u>\$ 139,214</u>	<u>\$ 357</u>

(Continued)

**MERRICK COUNTY**  
**SCHEDULE OF OFFICE ACTIVITIES**  
For the Year Ended June 30, 2018

	<u>County Surveyor</u>	<u>County Extension</u>	<u>County Planning and Zoning</u>	<u>County Assessor</u>	<u>County Treasurer</u>	<u>Total</u>
BALANCES JULY 1, 2017	\$ 6,244	\$ 6,245	\$ -	\$ 49	\$ 6,000	\$ 206,965
<b>RECEIPTS</b>						
Property Taxes	-	-	-	-	-	-
Licenses and Permits	-	-	1,790	-	-	3,505
Intergovernmental	-	-	2,284	-	-	152,456
Charges for Services	18,370	23,928	-	-	-	192,952
Miscellaneous	-	-	-	145	19,007	48,088
State Fees	-	-	-	-	-	116,742
Other Liabilities	-	3,160	-	-	-	238,169
<b>TOTAL RECEIPTS</b>	<u>18,370</u>	<u>27,088</u>	<u>4,074</u>	<u>145</u>	<u>19,007</u>	<u>751,912</u>
<b>DISBURSEMENTS</b>						
Payments to County Treasurer	15,936	23,233	4,029	147	-	329,346
Payments to State Treasurer	-	-	-	-	-	113,021
Other Liabilities	-	3,175	-	-	19,007	286,109
<b>TOTAL DISBURSEMENTS</b>	<u>15,936</u>	<u>26,408</u>	<u>4,029</u>	<u>147</u>	<u>19,007</u>	<u>728,476</u>
BALANCES JUNE 30, 2018	<u>\$ 8,678</u>	<u>\$ 6,925</u>	<u>\$ 45</u>	<u>\$ 47</u>	<u>\$ 6,000</u>	<u>\$ 230,401</u>
<b>BALANCES CONSIST OF:</b>						
Due to County Treasurer	\$ 8,678	\$ 6,863	\$ 45	\$ 47	\$ -	\$ 180,418
Petty Cash	-	-	-	-	6,000	7,100
Due to State Treasurer	-	-	-	-	-	10,611
Due to Others	-	62	-	-	-	32,272
BALANCES JUNE 30, 2018	<u>\$ 8,678</u>	<u>\$ 6,925</u>	<u>\$ 45</u>	<u>\$ 47</u>	<u>\$ 6,000</u>	<u>\$ 230,401</u>

(Concluded)

**MERRICK COUNTY**  
**SCHEDULE OF TAXES CERTIFIED AND COLLECTED**  
**FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY**  
June 30, 2018

Item	2013	2014	2015	2016	2017
<b>Tax Certified by Assessor</b>					
Real Estate	\$ 17,732,188	\$ 19,481,316	\$ 20,505,599	\$ 22,073,568	\$ 21,915,746
Personal and Specials	1,551,822	1,502,757	1,264,484	1,038,752	972,940
<b>Total</b>	<b>19,284,010</b>	<b>20,984,073</b>	<b>21,770,083</b>	<b>23,112,320</b>	<b>22,888,686</b>
<b>Corrections</b>					
Additions	2,592	11,612	4,010	2,574	5,536
Deductions	(275,476)	(8,111)	(1,821)	(1,562)	(673)
Net Additions/ (Deductions)	(272,884)	3,501	2,189	1,012	4,863
<b>Corrected Certified Tax</b>	<b>19,011,126</b>	<b>20,987,574</b>	<b>21,772,272</b>	<b>23,113,332</b>	<b>22,893,549</b>
<b>Net Tax Collected by County Treasurer during Fiscal Year Ending:</b>					
June 30, 2014	11,589,152	-	-	-	-
June 30, 2015	7,403,656	13,182,577	-	-	-
June 30, 2016	9,045	7,770,984	13,886,833	-	-
June 30, 2017	1,565	21,942	7,866,009	14,497,488	-
June 30, 2018	4,807	5,696	15,391	8,606,231	14,585,814
<b>Total Net Collections</b>	<b>19,008,225</b>	<b>20,981,199</b>	<b>21,768,233</b>	<b>23,103,719</b>	<b>14,585,814</b>
<b>Total Uncollected Tax</b>	<b>\$ 2,901</b>	<b>\$ 6,375</b>	<b>\$ 4,039</b>	<b>\$ 9,613</b>	<b>\$ 8,307,735</b>
<b>Percentage Uncollected Tax</b>	<b>0.02%</b>	<b>0.03%</b>	<b>0.02%</b>	<b>0.04%</b>	<b>36.29%</b>

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



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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

Board of Supervisors  
Merrick County, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Merrick County, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Merrick County's basic financial statements, and have issued our report thereon dated December 31, 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 Nursing Home, 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 December 31, 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.

December 31, 2018



Deann Haeffner, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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December 31, 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, 2018, and have issued our report thereon dated December 31, 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 that three 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 Treasurer had eight checks, totaling \$1,172.
- The County Clerk Imprest Account had two checks, totaling \$200.
- The County Sheriff had four checks, totaling \$66.

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

**COUNTY BOARD**

**County Budget Issues**

During our audit, we noted seven funds for which the budgeted beginning balance in the 2017-2018 annual budget did not agree to the prior-year ending balance as of June 30, 2017. The following table provides more details regarding those budgetary discrepancies.

<b>Fund</b>	<b>6/30/2017 Ending Balance</b>	<b>Budgeted 7/1/2017 Balance</b>	<b>Variance</b>
General Fund	\$ 645,967	\$ 676,720	\$ 0,753
Road Fund	954,740	386,569	(568,171)
Inheritance Fund	1,277,631	1,269,481	(8,150)
Street Road Buyback Fund	599,486	409,733	(189,753)
911 Wireless Service Fund	140,530	43,776	(96,754)
4-H Building Fund	328,141	178,523	(149,618)
911 Emergency Fund	98,778	96,146	(2,632)
			<b>\$ (984,325)</b>

Additionally, we noted that budgeted transfers in and budgeted transfers out did not agree. Transfers in were budgeted at \$2,144,194; however, transfers out were budgeted at only \$2,144,178, a difference of \$16.

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.

### **Claim Procedures**

During testing, we noted the following issues regarding the County Board's claim procedures:

- The County paid four claims, totaling \$4,505, twice for the same expense. In all four 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 was unaware of these duplicate payments until they were pointed out by the APA. As of the issuance of this report, the County was still researching whether a credit or refund was owed for the excess payments.
- Three credit card payments, totaling \$962, lacked adequate documentation to support the expenses; of that amount, \$769 was designated as being for purchases by the Sheriff's Department.

Good internal controls require the review of all claims prior to approval to ensure that, among other things, the claims are not duplicate and are supported by adequate documentation.

We recommend the County Board implement procedures to ensure the following: 1) Invoices are paid only once, and any duplicate payments are identified and resolved in a timely manner; and 2) all claims are accompanied by adequate supporting documentation.

### **Leave Balances**

During our audit, we noted the following issues regarding the County's procedures for tracking each employee's accrued compensated leave balance:

- The County lacked a formal policy regarding the use of accrued leave before being earned. For one employee tested, sick leave was used prior to being earned, resulting in a negative sick leave balance of 16.50 hours as of March 2018.

- For two employees tested, compensatory time was not used or paid out within three months, as required by the County's Employee Handbook. One employee carried 50 hours over the three-month maximum, and the other employee carried 66 hours too many.

The County's Employee Handbook (Handbook) states, in relevant part, the following:

*Accumulated compensatory time shall be used within 3 months or payment for such time will be made by the county.*

Good internal controls require the promulgation of a formal policy to address the use of employee leave before it is earned. Further, good internal controls and sound accounting practices require the implementation of procedures to ensure compliance with applicable provisions of the Handbook, including requirements regarding the use of, or payment for, accumulated compensatory time.

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

We recommend the County Board adopt a formal written policy regarding the use of employee leave before it is earned. Additionally, we recommend procedures be implemented to ensure compliance with applicable provisions of the Handbook, including requirements regarding the use of, or payment for, accumulated compensatory time.

## **COUNTY CLERK**

### **Balancing Procedures**

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

- An additional \$1,181, which could not be supported, was being maintained in the County Clerk's bank account. This balance is most likely due to several years of copy fees being collected but not remitted to the County Treasurer.
- In January 2017, one \$53 deposit was made to the County Imprest bank account instead of the County Clerk's bank account. This had not been corrected at the time of audit fieldwork in November 2018. This was also noted during the prior-year audit.
- Fees collected from the sale of plat books in August 2015, totaling \$20, were not remitted to the County Treasurer, and they were still being held in the County Clerk's account at June 30, 2018. This was also noted during the prior-year audit.

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 the implementation of procedures to ensure that office records are accurate and reconcile with bank activity on, at least, a monthly basis. Such reconciliation procedures should include not only an accounting for all receipts but also the timely identification and resolution of any 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.

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

**COUNTY CLERK OF THE DISTRICT COURT**

**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. Ten case balances tested, totaling \$12,465, did not have subsequent action taken by the District Court to ensure collection and/or resolution of those balances. As of November 16, 2018, the report contained 143 overdue cases with a total owed of \$35,262. Of these 143 cases, none had a current warrant or suspension issued for nonpayment.

The following table 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	6	\$ 5,409
1996	1	\$ 124
1997	6	\$ 3,041
1998	1	\$ 127
1999	1	\$ 225
2000	5	\$ 1,022
2001	2	\$ 182
2002	12	\$ 1,657
2003	10	\$ 908
2004	7	\$ 2,302
2005	5	\$ 237
2006	3	\$ 30
2007	1	\$ 30
2008	2	\$ 1,385
2009	7	\$ 4,650
2010	9	\$ 2,890
2011	10	\$ 1,838
2012	15	\$ 3,455
2013	11	\$ 252
2014	8	\$ 1,195
2015	7	\$ 811
2016	6	\$ 2,400
2017	4	\$ 914
2018	2	\$ 54
<b>Total</b>	<b>143</b>	<b>\$ 35,262</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 for the loss of funds.

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

## **COUNTY EXTENSION**

### **Petty Cash Fund**

During our audit, we noted the County Board voted to eliminate the \$2,000 petty cash fund for the County Extension Office in September 2016; however, as of November 2018, the office had not returned the funds to the County.

Neb. Rev. Stat. § 23-106(2) (Reissue 2012), provides 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.*

Without an approved petty cash fund, the office lacks the authority to maintain these funds outside the control of the County Treasurer.

Good internal controls and sound accounting practices require petty cash funds to be paid back to the County when no longer authorized by the County Board. Failure to do so increases the risk not only of statutory noncompliance but also the loss, theft, or misuse of funds.

We recommend the County Extension Office remit the \$2,000 from the defunct petty cash fund to the County Treasurer.

## **COUNTY SURVEYOR/HIGHWAY DEPARTMENT**

### **Accounts Receivable**

During the audit, we noted numerous delinquent accounts receivable balances that remained uncollected at June 30, 2018, 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 6/30/18	Number of Outstanding Accounts	Amount Due at 6/30/18
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	492
2011	8	1,247	1	96
2012	1	271	1	235
2013	5	574	0	0
2014	6	491	1	15
2015	5	649	4	1,271
2016	3	371	8	26,171
	<b>43</b>	<b>\$ 5,186</b>	<b>22</b>	<b>\$ 28,850</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 accounts 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 SHERIFF

#### Balancing Procedures

During our audit, we noted the following issues with the County Sheriff's balancing procedures at June 30, 2018:

- Accurate monthly bank reconciliations were not performed for each of the County Sheriff's three bank accounts, resulting in an unknown short variance of \$178 in one account.
- A monthly asset-to-liability reconciliation was not performed, resulting in cash longs of \$1,879 and \$220 in two accounts at June 30, 2018.

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.

A lack of these procedures increases the risk of loss, theft, or misuse of County funds and allows errors to go undetected more easily. A similar comment was noted in prior audits.

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**

During our audit, we noted the following issues regarding the office’s fee activity:

- Fees were not remitted timely to the County Treasurer. The following fees were still held as of November 2018.

<b>Month Collected/Earned</b>	<b>Amount</b>
Prior to July 1, 2016	\$ 356
September 2016	135
April 2017	495
<b>Total</b>	<b>\$ 986</b>

- The County Sheriff no longer maintains a petty cash fund, and the previously authorized amount of \$500 has not been returned to the County Treasurer.
- As a result of the reports generated by the accounting system not correctly identifying all fees earned, the County Sheriff was not remitting all fees and mileage earned to the County Treasurer. Additionally, the County Sheriff did not remit fees earned on services requested by the County Attorney.

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 earned by the office are remitted timely to the County Treasurer.

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

We recommend the County Sheriff implement procedures to ensure all fees earned are remitted timely to the County Treasurer. Additionally, we recommend the County Sheriff remit the \$500 petty cash balance to the County Treasurer.

## **COUNTY TREASURER**

### **Reconciliation Procedures**

At the time of audit fieldwork in November 2018, a complete and accurate reconciliation of the Treasurer's bank account to office records had not been completed since September 2017. This lack of timely reconciliation caused the following issues for the fiscal year:

- Interest, totaling \$3,547, for May 2017 through June 2018, 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 in November 2018.
- Because the account had not been reconciled, the APA attempted to reconcile the account during the audit, and noted an unknown long of \$27 existed in the bank account at June 30, 2018.

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 these 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.

### **Real Property Tax Credit Distribution**

During testing, we noted that the distribution of Real Property Tax Credit was not calculated correctly. The following table summarizes the variances found.

Subdivision	Over/(Under) Payments
County Funds	\$ 4,856
Central City	415
Central City Fire District	214
Central Platte NRD	633
ESU 7	279
Central Community College	1,938
Central City Public Schools	8,777
Palmer Public Schools	1,874
Northwest Public Schools	2,355
Fullerton Public Schools	158
Twin River Public Schools	1,214
High Plains Community Schools	2,628
Community Redevelopment Authority	(18,254)
Townships (10 Townships) *	165
Municipalities (4 Villages) *	202
Fire Districts (6 Districts) *	310
Lower Loup NRD	30
Ag Society	83
Schools/ESU (2 Districts) *	35
Excess to be remitted to State	(7,912)

\*Each subdivision was not listed, as variances were under \$100 per entity.

Additionally, the following was noted:

- The Property Tax Credit Distribution was not performed timely. The first half of the credit was received on January 31, 2018, and the second half was received on April 3, 2018. The distribution of the entire amount was not performed until June 29, 2018, or 149 and 87 days later, respectively.
- Amounts reported to the Nebraska Department of Revenue on Form 403, Return of Unused Real Property Tax Credit, did not properly reflect amounts actually distributed. The following table summarizes the variances noted.

	Per Form 403	Actual	Variance
Tax Credit Distributed to Subdivisions	\$ 1,774,041	\$ 1,755,363	\$ 18,678
Retained for 1% Commission	\$ 17,740	\$ 17,554	\$ 186
<b>Total</b>			<b>\$ 18,864</b>

Neb. Rev. Stat. § 77-4212(3) (Supp. 2017) states the following, in relevant part:

*Upon the return of any funds under this subsection, the county treasurer shall electronically file a report with the Property Tax Administrator, on a form prescribed by the Tax Commissioner, indicating the amount of funds distributed to each taxing unit in the county in the year the funds were returned, any collection fee retained by the county in such year, and the amount of unused credits returned.*

Subsection (4)(b) of that same statute also provides, in relevant part, the following:

*After retaining one percent of the receipts for costs, the county treasurer shall allocate the remaining receipts to each taxing unit based on its share of the credits granted to all taxpayers in the taxing unit.*

Additionally, a good internal control plan requires procedures to ensure that Real Property Tax Credit distributions are calculated in accordance with applicable statutory requirements, and amounts reported to the Nebraska Department of Revenue reflect properly the amounts actually distributed.

When such procedures do not exist, and Real Property Tax Credit distributions are not calculated correctly, political subdivisions do not receive the appropriate amount of funding, increasing the risk for the loss or misuse of funds.

We recommend the County Treasurer correct the erroneous Real Property Tax Credit distribution. Additionally, we recommend the County Treasurer implement procedures to ensure future Real Property Tax Credit distributions are calculated correctly, and amounts reported to the Nebraska Department of Revenue properly reflect actual distribution amounts.

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

During our audit, we noted the 1% commission for the Personal Property Tax Credit distribution was not retained, resulting in \$398 being distributed to the districts that should have been retained by the County. A similar finding was noted in the prior year.

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 the statutorily allowed commission is not retained by the County Treasurer, there is an increased risk for the loss of funds.

We recommend the County Treasurer implement procedures to ensure the distribution of the Personal Property Tax Credit is performed in accordance with applicable statutory requirements, including retaining a one percent commission.

### **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 that 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 or 2018 to correct the error.

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

Subdivision	Over (Under) Payments
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.

### **Petty Cash Fund**

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

- For one purchase, totaling \$1,469, a request for reimbursement was not filed with the County Clerk in a timely manner. This purchase was originally made in October 2016, and it still had not been reimbursed as of November 2018.

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.”

When petty cash claims are not filed with the County Clerk within 90 days, the County Treasurer is not in compliance with State statute, and there is an increased risk for the loss, theft, or misuse of County funds.

We recommend the County Treasurer implement procedures to ensure all reimbursement requests for petty cash activity are made timely.

\* \* \* \* \*

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,

A handwritten signature in cursive script that reads "Deann Haeffner".

Deann Haeffner, CPA  
Assistant Deputy Auditor